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Arbuthnot Banking Group PLC
22 July 2025

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For immediate release

ARBUTHNOT BANKING GROUP PLC ("Arbuthnot", "the Company", "the Group" or "ABG")
Unaudited results for the six months to 30 June 2025

Arbuthnot Banking Group PLC is the holding company for Arbuthnot Latham & Co., Limited.

FINANCIAL HIGHLIGHTS

- Profit before tax of £10.9m for the six months to 30 June 2025 following reductions in base rate since the summer of 2024 (30 June 2024: £20.8m)
- Interim dividend up 10% to 22p per share to be paid on 26 September 2025 (30 June 2024: 20p per share interim dividend and 20p per share special dividend)
- CET1 capital ratio of 12.7% (30 June 2024: 11.6%, 31 December 2024: 13.2%) and total capital ratio of 14.8% (30 June 2024: 13.6%, 31 December 2024: 15.3%)
- Earnings per share of 42.5p (30 June 2024: 94.6p)
- Further growth in net assets per share to £16.49 (30 June 2024: £15.75, 31 December 2024: £16.36)

OPERATIONAL HIGHLIGHTS

- Continued growth in customer deposits to £4.42bn (30 June 2024: £3.86bn; 31 December 2024: £4.13bn), a 7% increase in the first half of the year and a 14% increase year on year
- Customer loans (including leased assets) of £2.32bn (30 June 2024: £2.40bn; 31 December 2024: £2.38bn) decrease of 4% in the first half of the year, and an 5% decrease year on year, as lending discipline was maintained
- Specialist Division lending balances of £895.9m (30 June 2024: £861.1 m; 31 December 2024: £840.0m), a 7% increase since the end of 2024 and a 4% increase year on year
- Funds under Management and Administration (FUMA) of £2.38bn (30 June 2024: £1.96bn; 31 December 2024: £2.21bn), a 8% increase against 31 December 2024 and an increase of 22% year on year, with net inflows of £127m in the first half

Commenting on the results, Sir Henry Angest, Chairman and Chief Executive of Arbuthnot, said: *"Arbuthnot has continued to grow the overall business and in particular its relationship deposit base, funds under management and specialist commercial lending. The continued strength of the business is reflected in the decision to increase the interim dividend by 10 per cent even though, as anticipated, this year's results reflect the effect of a series of reductions in base rate over the last twelve months."*

The Directors of the Company accept responsibility for the contents of this announcement.

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

ENQUIRIES:

Arbuthnot Banking Group 020 7012 2400
Sir Henry Angest, Chairman and Chief Executive
Andrew Salmon, Group Chief Operating Officer
James Cobb, Group Finance Director

Grant Thornton UK LLP (Nominated Adviser and AQSE Corporate Adviser) 020 7383 5100
Colin Aaronson
Samantha Harrison
Ciara Donnelly

Shore Capital (Broker) 020 7408 4090
Daniel Bush
David Coaten
Tom Knibbs

H/Advisors Maitland (Financial PR) 020 7379 5151
Neil Bennett
Sam Cartwright

Chairman's Statement

The Group has reported a profit before tax for the first six months of the year of £10.9m compared to £20.8m in the same period last year.

This reduction in reported profit was expected, as the Bank of England's base rate was lower than the prior period. However, the Group continues to make good strategic progress. As in prior periods, the Group has maintained its discipline in allocating capital to the lending proposals that offer the best returns on capital rather than using lending volumes themselves as an indicator of success.

During the first half of the year our lending balances fell to £2.3bn compared to the position at the end of 2024 where they stood at £2.4bn. Within this we have continued to grow our asset finance and truck leasing balances but have seen more subdued conditions elsewhere in the Group, in particular in the real estate finance market along with our invoice finance business.

The uncertain economic outlook has meant that real estate markets have seen thin volumes of business and therefore other lenders have been chasing this business by offering sub optimal rates. We have always considered ourselves to be counter cyclical lenders, and we refuse to be drawn into competing on price alone, so we remain content to preserve our capital for the future, when these markets become firmer, and the prices produce acceptable returns on our capital deployed.

I was delighted to see that our plan to increase lending in our specialist divisions was recognised in the recently published Asset Finance UK 50 report, where Asset Alliance was the number one firm with the highest percentage growth rate in the last reported year and Renaissance Asset Finance was ranked sixth with the highest percentage growth rate over the past three years.

The success that the Bank has enjoyed in attracting new deposits has continued into the first half of the year, with balances growing to in excess of £4.4bn. This is an increase of £285.5m since the year end and £554.9m since the same time in the prior year. This is a growth rate of 7% since the year end, despite seeing approximately net £140m of outflows around the tax payment season.

As we have previously indicated, our profitability performance is somewhat linked to the level of the base rate as our surplus liquidity balances are held at the Bank of England or invested in short term fixed income products. The continued fall in the base rate during the first half, after the initial reductions that started in August 2024, is the most significant factor in the reduction in the reported profit.

However, there is also a lag effect as a result of the time it takes for deposit balances to reprice. This can be seen in the average cost of deposits, which fell to 2.80% for the six month period compared to 3.19% for the same period in the prior year; it stood at 2.68% at the end of June 2025.

I am happy to report that our Wealth Management distribution continues to grow at a very acceptable rate, with funds under management increasing to £2.4bn despite the volatile markets. That is a growth rate of 8% since the year end and 22% in the past year. The business is also making good progress in its optimisation project which should be up and running in 2026.

Given the continued progress of the Group and the strength of the balance sheet the Board are proposing to pay an interim dividend of 22p per Ordinary and Ordinary Non-Voting share, an increase of 2p per share compared to the regular interim dividend paid in the prior year. This dividend will be paid on 26 September 2025 to shareholders on the register at 29 August 2025.

Finally, at the AGM both Ian Dewar and Sir Alan Yarrow retired from the Board having reached the notorious nine year guillotine. I would like to thank them once again for their significant contributions and advice, as they have guided the Group through a period of exceptional growth. On 16 July we appointed Charlotte Crosswell to the Board of Directors, and I would like to welcome her to the Group and look forward to working alongside her in the future.

Banking
Banking's relationship-led approach continued to support the acquisition and retention of criteria clients across Private and Commercial Banking.

Despite the annual expected outflows to HMRC in the early part of 2025, these were more than offset with an increase in deposit flows from new and existing clients. As a result, core deposits for Banking increased by £285.5m to £4.4bn, equating to 7% growth for the first half of 2025, and 14% compared to 30 June 2024.

Lending declined, as expected, in the first half of 2025 by 8% to £1.4bn. The Bank continued its strategy to recycle capital into higher margin lending by the subsidiary companies. With the macro-economic outlook remaining uncertain, the Bank's loan appetite remains cautious, with a focus on continuing to support existing clients, whilst maintaining its principle of high quality credit lending for new business. Consequently, the low growth environment has suppressed opportunities, resulting in a lower deal flow, with market participants competing for the quality deals by lowering margins, and hence returns on capital. Given our long standing principle of maintaining our returns on capital employed we have not been drawn into this competition.

The Bank's recent Net Promotor Score of 68 reflects the ongoing support from its clients and its commitment to its vision of being a leading full service, human-scale relationship bank powered by modern technology.

Wealth Management
Funds Under Management & Administration (FUMA) continued to grow in the first half of 2025 to finish June at £2.4bn, up 8% from the start of the year and representing growth of 22% year on year (30 June 2024: £2.0bn).

The threat of a global trade war along with geo-political instability resulted in high levels of market volatility in the first 6 months of 2025. However despite the turbulence, year to date gross inflows of £204m over the period compared to £170m over the same period last year, which has resulted in net flows for the current period of £127m.

Arbuthnot Commercial Asset Based Lending (ACABL)
ACABL reported a profit of £4.8m compared to £4.4m for the same period the prior year and finished the period with a loan book of £231.2m, relatively unchanged from the end of 2024.

The economic uncertainty and low growth environment, which suppressed activity in 2024, continued in the first half of 2025. Client facilities reaching the end of their terms continued to offset growth in the loan book, although originations in Q2 including the provision of additional facilities for existing clients, together with ACABL's pipeline, are showing more positive signs.

The business carries on closely monitoring watch cases, but the proven business model of high quality collateral continues to mitigate against credit losses.

Renaissance Asset Finance (RAF)

RAF reported a profit of £3.3m (30 June 2024: £2.2m), an increase of 48% compared to the same period in the prior year, and finished the first half with a loan book of £279.6m, equating to annual growth of 19% when compared to £234.3m for the same period in the prior year and 12% up from the year end (31 December 2024: £248.8m).

The Block Discounting business now makes up 21% of the RAF book with balances of £58m, equating to annual growth of 88% when compared to £30.9m for the same period in the prior year.

Despite the challenging economic climate for the SME sector, problem debt provisions remain low and favourable net margins were maintained.

Asset Alliance (AAG)

AAG reported a loss before tax of £0.5m (30 June 2024: £0.03m profit).

Whilst the commercial vehicle market remains subdued, there are definite signs of improvement in both new business lending and end of lease asset sales. As at 30 June 2025 the business had assets available for lease and finance leases totalling £385.0m (30 June 2024: £363.1m), growth of 6% since the year end and over the previous 12 months (31 December 2024: £363.0m).

Own book origination of £75m in the first six months has been achieved by a continuation of the strong origination within the bus and coach market from 2024 as well as the improvements on truck and trailer leasing. Yields on new business remain stable, in line with the prior year and resilient amidst recent rate reductions and a highly competitive market.

Trading in used end of lease commercial vehicles, which saw a slump in 2024, has seen improvement towards the second half of the period. The strategy to diversify the portfolio has resulted in strong performance from the bus and coach division offsetting the more challenging truck sector.

The Bus Rental Division which launched in 2024 continues to deliver growth amidst the ongoing drive for Extra Low Emission Zones within the UK Cities with all assets fully utilised and delivering strong yields, coupled with a healthy forward pipeline.

The lending book remains robust with minimal impairments.

Operations

The Bank has continued to pursue its client growth strategy in target markets whilst investing in infrastructure to improve client service and operational resilience. New account growth was 5% higher than for the same period in the prior year.

Inbound and outbound payments increased by 8% to 630,162 for the period compared to 585,520 for the prior year. The Total Number of Active cards grew to 7,834 with a 32% increase in Digital Wallet spending.

The digital transformation programme launched in the prior year continued to progress, enhancing the client experience and how they interact with the Bank whilst improving operational efficiency with greater integration across the Bank's suite of applications in a modern, cloud-based architecture.

Outlook

The UK economic environment appears to be weaker than expected with two months of falling GDP. This suggests that further rate cuts may be required. However, inflation remains stubbornly higher than the target rate so any rate cuts will have to balance this, and that is before the effect of global tariffs or the increase in employers' national insurance have fed their way into the economy. Added to this, the geopolitical situation is far from stable. Regardless, the Group remains focused on pursuing its long term 'Future State 2' strategy and will continue to seek and pursue opportunities with caution and discipline.

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2025 £000	Six months ended 30 June 2024 £000
Income from banking activities			
Interest income		125,213	129,565
Interest expense		(66,493)	(67,509)
Net interest income		**58,720**	**62,056**
Fee and commission income		15,161	12,769
Fee and commission expense		(582)	(403)
Net fee and commission income		**14,579**	**12,366**
Operating income from banking activities		**73,299**	**74,422**
Income from leasing activities			
Revenue		57,146	53,178
Cost of goods sold		(45,556)	(40,457)
Gross profit from leasing activities		**11,590**	**12,721**
Total group operating income		**84,889**	**87,143**
Net impairment loss on financial assets		(1,440)	(1,053)
Other income	6	724	704
Operating expenses		(73,319)	(65,958)
Profit before income tax		**10,854**	**20,836**

Income tax expense		(3,916)	(5,399)
Profit for the period		**6,938**	**15,437**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in fair value of equity investments at fair value through other comprehensive income		22	72
Tax on other comprehensive income		(6)	(18)
Other comprehensive income for the period, net of tax		**16**	**54**
Total comprehensive income for the period		**6,954**	**15,491**
Earnings per share for profit attributable to the equity holders of the Company during the period			
(expressed in pence per share):			
Basic earnings per share	7	42.5	94.6
Diluted earnings per share	7	42.5	94.6

Consolidated Statement of Financial Position

	At 30 June 2025 £000	At 30 June 2024 £000	At 31 December 2024 £000
ASSETS			
Cash and balances at central banks	768,724	553,095	911,887
Loans and advances to banks	83,573	121,977	66,971
Debt securities at amortised cost	1,690,403	1,196,110	1,199,847
Assets classified as held for sale	-	3,203	-
Derivative financial instruments	2,030	4,356	2,970
Loans and advances to customers	2,019,258	2,116,043	2,094,212
Other assets	51,690	48,482	51,701
Financial investments	4,975	4,156	4,947
Intangible assets	30,887	29,188	30,565
Property, plant and equipment	324,135	313,336	313,366
Right-of-use assets	45,688	49,918	47,511
Investment properties	5,250	5,950	5,250
Total assets	**5,026,613**	**4,445,814**	**4,729,227**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital and share premium	167	167	167
Share premium account	11,606	11,606	11,606
Retained earnings	256,779	245,158	254,575
Other reserves	624	69	608
Total equity	**269,176**	**257,000**	**266,956**
LIABILITIES			
Deposits from banks	196,965	193,758	192,911
Derivative financial instruments	-	535	-
Deposits from customers	4,418,019	3,863,155	4,132,493
Current tax liability	1,641	1,194	3,001
Other liabilities	40,755	33,245	35,384
Deferred tax liability	5,501	4,881	5,671
Lease liabilities	56,164	53,790	54,829
Debt securities in issue	38,392	38,256	37,982
Total liabilities	**4,757,437**	**4,188,814**	**4,462,271**
Total equity and liabilities	**5,026,613**	**4,445,814**	**4,729,227**

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Group						
	Share capital £000	Share capital premium £000	Capital redemption reserve £000	Fair value reserve £000	Treasury shares £000	Retained earnings £000	Total £000
Balance at 1 January 2025	**167**	**11,606**	**19**	**1,888**	**(1,299)**	**254,575**	**266,956**
Total comprehensive income for the period							
Profit for the six months ended 30 June 2025	-	-	-	-	-	6,938	6,938
Other comprehensive income, net of tax							
Changes in the fair value of financial assets at FVOCI	-	-	-	22	-	-	22
Tax on other comprehensive income	-	-	-	(6)	-	-	(6)
Total other comprehensive income	**-**	**-**	**-**	**16**	**-**	**-**	**16**
Total comprehensive income for the period	**-**	**-**	**-**	**16**	**-**	**6,938**	**6,954**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final dividend relating to 2024	-	-	-	-	-	(4,734)	(4,734)
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(4,734)**	**(4,734)**
Balance at 30 June 2025	**167**	**11,606**	**19**	**1,904**	**(1,299)**	**256,779**	**269,176**

	Attributable to equity holders of the Group						
	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Treasury shares	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2024	**167**	**11,606**	**19**	**1,341**	**(1,299)**	**240,606**	**252,440**
Total comprehensive income for the period							
Profit for the six months ended 30 June 2024	-	-	-	-	-	15,437	15,437
Other comprehensive income, net of income tax							
Changes in the fair value of financial assets at FVOCI	-	-	-	72	-	-	72
Sale of financial assets carried at FVOCI	-	-	-	(46)	-	46	-
Tax on other comprehensive income	-	-	-	(18)	-	-	(18)
Total other comprehensive income	**-**	**-**	**-**	**8**	**-**	**46**	**54**
Total comprehensive income for the period	**-**	**-**	**-**	**8**	**-**	**15,483**	**15,491**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final dividend relating to 2023	-	-	-	-	-	(4,406)	(4,406)
Interim dividend relating to 2024	-	-	-	-	-	(3,264)	(3,264)
Special dividend relating to 2024	-	-	-	-	-	(3,264)	(3,264)
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(10,934)**	**(10,934)**
Balance at 30 June 2024	**167**	**11,606**	**19**	**1,349**	**(1,299)**	**245,158**	**257,000**

Consolidated Statement of Cash Flows

	Six months ended 30 June 2025 £000	Six months ended 30 June* 2024 £000
Cash flows from operating activities		
Profit before tax	10,854	20,836
Adjustments for:		
- Depreciation and amortisation	5,384	5,353
- Impairment loss on loans and advances	770	594
- Net interest income	(32)	233
- Elimination of exchange differences on debt securities	(388)	39
- Other non-cash or non-operating items included in profit before tax	(105)	35
- Tax paid	(5,452)	(7,892)
Cash flows from operating profits before changes in operating assets and liabilities	11,031	19,198
Changes in operating assets and liabilities:		
- net decrease/(increase) in derivative financial instruments	940	(639)
- net decrease/(increase) in loans and advances to customers	74,184	(52,420)
- net increase in assets held for leasing	(11,377)	(19,634)
- net decrease in other operating assets	11	8,564
- net increase in amounts due to customers	285,526	103,588
- net increase / (decrease) in other operating liabilities	6,908	(2,650)
Net cash inflow from operating activities	**367,223**	**56,007**
Cash flows from investing activities		
Acquisition of financial investments	(7)	(222)
Purchase of computer software	(1,642)	(1,173)
Purchase of property, plant and equipment	(1,528)	(20,097)
Purchases of debt securities	(1,411,513)	(850,812)
Proceeds from redemption of debt securities	920,957	596,496
Net cash outflow from investing activities	**(493,733)**	**(275,808)**
Cash flows from financing activities		
Decrease in borrowings	4,884	1,288
Repayment of principal portions of lease liabilities	(201)	(1,419)
Dividends paid	(4,734)	(10,936)
Net cash used in financing activities	**(51)**	**(11,067)**
Net (decrease)/increase in cash and cash equivalents	(126,561)	(230,868)
Cash and cash equivalents at 1 January	978,858	905,940
Cash and cash equivalents at 30 June	**852,297**	**675,072**

*2024 comparative figures have been adjusted by £1.4m to reflect the repayment of principal portions of lease liabilities within financing cashflows and the interest portion within operating cashflows to align presentation of interest within the statement of cashflows. 2024 comparative tax paid figures have been adjusted by £2.5m to reflect amounts paid instead of tax expense. This has resulted in adjustments to changes in other liabilities of £3.9m.

Notes to the Consolidated Financial Statements

1. Basis of preparation

The interim financial statements have been prepared on the basis of accounting policies set out in the Group's 2024 statutory accounts as amended by UK-adopted standards and interpretations effective during 2025 as set out below and in accordance with IAS 34 "Interim Financial Reporting" as adopted for use in the UK. The directors do not consider the fair value of the assets and liabilities presented in these financial statements to be materially different from their carrying value.

The statements were approved by the Board of Directors on 21 July 2025 and are unaudited. The interim financial statements will be available on the Group website (www.arbuthnotgroup.com) from 23 July 2025.

2. Risks and Uncertainties

The Group regards the monitoring and controlling of risks and uncertainties as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and in monitoring their application. A detailed description of the risk management framework and associated policies is set out in Note 4.

The principal risks inherent in the Group's business are reputational, macroeconomic and competitive environment, strategic, credit, market, liquidity, operational, cyber, residual value, conduct and, regulatory and capital.

Reputational risk

Reputational risk is the risk to the Group from a failure to meet reasonable stakeholder expectations as a result of any event, behaviour, action or inaction by ABG itself, its employees or those with whom it is associated. This includes the associated risk to earnings, capital or liquidity.

ABG seeks to ensure that all of its businesses act consistently with the seven corporate principles as laid out on page 1 of the Annual Report and Accounts. This is achieved through a central Risk Management framework and supporting policies, the application of a three-lines of defence model across the Group and oversight by various committees. Employees are supported in training, studies and other ways and encouraged to live out the cultural values within the Group of integrity, energy and drive, respect, collaboration and empowerment. In applying the seven corporate principles, the risk of reputational damage is minimised as the Group serves its shareholders, customers and employees with integrity and high ethical standards.

Macroeconomic and competitive environment

The Group is exposed to indirect risk that may arise for the macroeconomic and competitive environment.

In recent years there have been a number of global and domestic events which have had significant implications for the Group's operating environment, namely: Russia's war in the Ukraine, the Israel-Hamas war in Gaza and Coronavirus. The culmination of these events has led to significant turmoil in both global and domestic markets. Geo-political volatility and uncertainty remains high with the potential to adversely affect the UK economy, as well as the Group's customers and assets.

Strategic risk

Strategic risk is the risk that the Group's ability to achieve its corporate and strategic objectives may be compromised. This risk is particularly important to the Group as it continues its growth strategy. However, the Group seeks to mitigate strategic risk by focusing on a sustainable business model which is aligned to the Group's business strategy. Also, the Directors normally meet once a year to ensure that the Group's strategy is appropriate for the market and economy.

Credit risk

Credit risk is the risk that a counterparty (borrower) will be unable to pay amounts in full when due. This risk exists in Arbuthnot Latham, which currently has a loan book of £2.0bn (30 June 2024: £2.1bn). The lending portfolio in Arbuthnot Latham is extended to clients, the majority of which is secured against cash, property or other high quality assets. Credit risk is managed through the Credit Committee of Arbuthnot Latham.

Market risk

Market risk arises in relation to movements in interest rates, currencies, property and equity markets.

Interest rate and currency risk

The Group's treasury function operates mainly to provide a service to clients and does not take significant unmatched positions in any market for its own account. As a result, the Group's exposure to adverse movements in interest rates and currencies is limited to interest earnings on its free cash and interest rate re-pricing mismatches. The Group actively monitors its exposure to future changes in interest rates. However, at the current time the Group does not hedge the earnings from the free cash which currently totals £769m. The cost of hedging is prohibitive. Cash is held at the Bank of England and with the general consensus in the market that rates are expected to fall, the Group has shifted its focus to longer term fixed rate lending products and also investing some of the excess liquidity into high quality short dated fixed income assets, such as gilts.

Property and equity market risk

The Group is exposed to changes in the market value of its properties. The current carrying value of Investment Property is £5.3m (31 December 2024: £5.3m) and properties classified as inventory are carried at £16.5m (31 December 2024: £17.4m). Any changes in the market value of the property will be accounted for in the Income Statement for the Investment Property and could also impact the carrying value of inventory, which is at the lower of cost and net realisable value. As a result, it could have a significant impact on the profit or loss of the Group. The Group is also exposed to changes in the value of equity investments. The current carrying value of financial investments is £5.0m (31 December 2024: £4.9m). Any changes in the value of financial investments will be accounted for in Other Comprehensive Income.

Liquidity risk

Liquidity risk is the risk that the Group, although solvent, either does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure such resources at an excessive cost. The Group takes a conservative approach to managing its liquidity profile. Retail client deposits, together with drawings from the Bank of England Term Funding Scheme and capital fund the Bank. The loan to deposit ratio is maintained at a prudent level, and consequently the Group maintains a high level of liquidity. The Arbuthnot Latham Board annually approves the Internal Liquidity Adequacy Assessment Process ("ILAAP"). The Directors model various stress scenarios and assess the resultant cash flows in order to evaluate the Group's potential liquidity requirements. The Directors firmly believe that sufficient liquid assets are held to enable the Group to meet its liabilities in a stressed environment.

Operational risk

Operational risk is the risk that the Group may be exposed to financial losses from conducting its business. The Group's exposure to operational risk include its Information Technology ("IT") and Operating platforms. There are additional internal controls in these processes that are designed to protect the Group from these risks. The Group's overall approach to managing internal control and financial reporting is described in the Corporate Governance section of the Annual Report.

internal control and financial reporting is described in the Corporate Governance section of the Annual Report.

In line with guidance issued by the Regulator, the Bank has continued to focus on ensuring that the design of systems and operational plans are robust to maintain operational resilience in the face of unexpected incidents.

Cyber risk
Cyber risk is an increasing risk for the Group within its operational processes. It is the risk that the Group is subject to some form of disruption arising from an interruption to its IT and data infrastructure. The Group regularly tests the infrastructure to ensure that it remains robust to a range of threats and has continuity of business plans in place including a disaster recovery plan.

Residual value risk
Residual value risk equals the difference in the residual value of a leased asset set at lease inception and the lower salvage value realised upon its disposal or re-lease at the end of the lease term. The Group is exposed to residual value risk in its AAG business. Normal residual value risk is managed through the process set out below, and it should be noted that the transition to greener technology may further impact residual values in two ways. Firstly, residual values could decrease due to assets becoming obsolete; climate related regulations might change, which could result in legal restrictions on the use of assets or technological advances could lead to preferred environmental technologies. Secondly, the lack of historical information on green vehicles could lead to inaccurate measurement of residual values at inception of leases.

The AAG business manages Residual Value setting through its Residual Value Committee that comprises representatives from its Asset Management, Procurement, Sales and Leasing divisions and is chaired by the Residual Value Manager. Assets are valued using either an approved Residual Value matrix or individually, dependent upon the nature of the asset and current market conditions. The strategy for Residual Value setting and oversight of the Residual Value Committee is conducted by the AAG Residual Risk Committee, which in turn reports into the Asset Alliance Group Holdings Limited board. The Residual Risk Committee, chaired by the AAG Group Risk Director, includes AAG CEO, AL Group Risk Director, AAG Managing Director, AAG Finance Director and heads of Asset Management, Sales and Leasing divisions in AAG.

Conduct risk
As a financial services provider the Group faces conduct risk, including selling products to customers which do not meet their needs, failing to deal with clients' complaints effectively, not meeting clients' expectations, and exhibiting behaviours which do not meet market or regulatory standards.

The Group adopts a low risk appetite for any unfair customer outcomes. It maintains clear compliance guidelines and provides ongoing training to all employees. Periodic spot checks, compliance monitoring and internal audits are performed to ensure these guidelines are followed. The Group also has insurance policies in place to provide some cover for any claims that may arise.

Financial Crime
The Group is exposed to risk due to financial crime including money laundering, sanctions evasion, bribery and corruption, market abuse, tax evasion and fraud. The Group operates policies and controls which are designed to ensure that financial crime risks are identified, appropriately mitigated and managed.

Regulatory and capital risk
Regulatory and capital risk includes the risk that the Group will have insufficient capital resources to support the business and/or does not comply with regulatory requirements. The Group adopts a conservative approach to managing its capital. The Board of Arbuthnot Latham approves an ICAAP annually, which includes the performance of stringent stress tests to ensure that capital resources are adequate over a three year horizon. Capital and liquidity ratios are regularly monitored against the Board's approved risk appetite as part of the risk management framework.

Regulatory change also exists as a risk to the Group's business. Notwithstanding the assessments carried out by the Group to manage regulatory risk, it is not possible to predict how regulatory and legislative changes may alter and impact the business. Significant and unforeseen regulatory changes may reduce the Group's competitive situation and lower its profitability.

3. Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For a full list of critical accounting estimates and judgements, please refer back to the Annual Report and Accounts for 2024. Assumptions surrounding credit losses are discussed in more detail below, while other critical accounting estimates and judgements have remained unchanged from what was previously reported.

Estimation uncertainty - Expected credit losses ("ECL") on financial assets
The Group reviews its loan portfolios and debt security investments to assess impairment at least on a quarterly basis. The measurement of ECL required by IFRS 9, necessitates a number of significant judgements. Specifically, judgements and estimation uncertainties relate to assessment of whether credit risk on the financial asset has increased significantly since initial recognition, incorporation of forward-looking information ("FLI") in the measurement of ECLs and key assumptions used in estimating recoverable cash flows. These estimates are driven by a number of factors that are subject to change which may result in different levels of ECL allowances.

The Group incorporates FLI into the assessment of whether there has been a significant increase in credit risk. Forecasts for key macroeconomic variables that most closely correlate with the Bank's portfolio are used to produce five economic scenarios, comprising of a Baseline, which is the central scenario, developed internally based on public consensus forecasts, and four less likely scenarios, one upside and three downside scenarios (Downside 1, Downside 2 and Extreme Downside), and the impacts of these scenarios are then probability weighted. The estimation and application of this FLI will require significant judgement supported by the use of external information.

12-month ECLs on loans and advances (loans within Stage 1) are calculated using a statistical model on a collective basis, grouped together by product and geographical location. The key assumptions are the probability of default, the economic scenarios and loss given default ("LGD") having consideration for collateral. Lifetime ECLs on loans and advances (loans within Stage 2 and 3) are calculated based on an individual valuation of the underlying asset and other expected cash flows.

For financial assets in Stage 2 and 3, ECL is calculated on an individual basis and all relevant factors that have a bearing on the expected future cash flows are taken into account. These factors can be subjective and can include the individual circumstances of the borrower, the realisable value of collateral, the Group's position relative to other claimants, and the likely cost to sell and duration of the time to collect. The level of ECL is the difference between the value of the recoverable amount (which is equal to the expected future cash flows discounted at the loan's original effective interest rate), and its carrying amount.

The Group considered the impact of various assumptions on the calculation of ECL (changes in GDP, unemployment rates, inflation, exchange rates, equity prices, wages and collateral values/property prices) and concluded that collateral values/property prices, UK GDP and UK unemployment rate are key drivers of credit risk and credit losses for each portfolio of financial instruments.

The five macroeconomic scenarios modelled on future property prices were as follows:

- Baseline
- Upside
- Downside 1
- Downside 2
- Extreme downside

The tables below therefore reflect the expected probability weightings applied for each macroeconomic scenario:

	Probability weighting	
	Jun-25	Dec-24
Economic Scenarios		
Baseline	43.0%	46.0%
Upside	23.0%	21.0%
Downside 1	12.0%	15.0%
Downside 2	11.0%	9.0%
Extreme downside	11.0%	9.0%

The tables below show the five-year forecasted average for property prices growth, UK unemployment rate and UK real GDP growth:

	30 June 2025				
	Base	Upside	Downside 1	Downside 2	Extreme downside
Five-year summary					
UK House price index - average growth	2.6%	4.5%	0.5%	(1.6%)	(3.6%)
UK Commercial real estate price - average growth	1.3%	3.0%	(0.5%)	(2.3%)	(4.2%)
UK Unemployment rate - average	4.7%	4.1%	5.5%	6.3%	7.1%
UK GDP - average growth	1.3%	1.8%	0.9%	0.5%	0.1%

	31 December 2024				
	Base	Upside	Downside 1	Downside 2	Extreme downside
Five-year summary					
UK House price index - average growth	3.0%	4.2%	0.8%	(1.4%)	(3.6%)
UK Commercial real estate price - average growth	1.4%	3.4%	(0.4%)	(2.3%)	(4.2%)
UK Unemployment rate - average	4.4%	3.9%	5.3%	6.2%	7.1%
UK GDP - average growth	1.4%	2.0%	0.9%	0.5%	0.1%

The tables below list the macroeconomic assumptions at 30 June 2025 used in the base, upside and downside scenarios over the five-year forecast period. The assumptions represent the absolute percentage unemployment rates and year-on-year percentage change for GDP and property prices.

UK House price index - four quarter growth

Year	Baseline	Upside	Downside 1	Downside 2	Extreme downside
2025	2.3%	3.5%	0.2%	(2.0%)	(4.1%)
2026	1.6%	4.6%	(3.6%)	(8.9%)	(14.1%)
2027	2.5%	4.0%	(2.5%)	(7.6%)	(12.6%)
2028	2.9%	4.1%	4.0%	5.0%	6.1%
2029	3.6%	6.2%	4.6%	5.6%	6.5%
5 year average	2.6%	4.5%	0.5%	(1.6%)	(3.6%)

UK Commercial real estate price - four quarter growth

Year	Baseline	Upside	Downside 1	Downside 2	Extreme downside

2025	1.9%	6.1%	(4.9%)	(11.7%)	(18.4%)
2026	1.3%	4.4%	(5.9%)	(13.1%)	(20.3%)
2027	1.3%	2.6%	3.1%	4.9%	6.7%
2028	1.1%	1.1%	2.6%	4.2%	5.8%
2029	0.9%	0.9%	2.4%	3.9%	5.5%
5 year average	1.3%	3.0%	(0.5%)	(2.3%)	(4.2%)

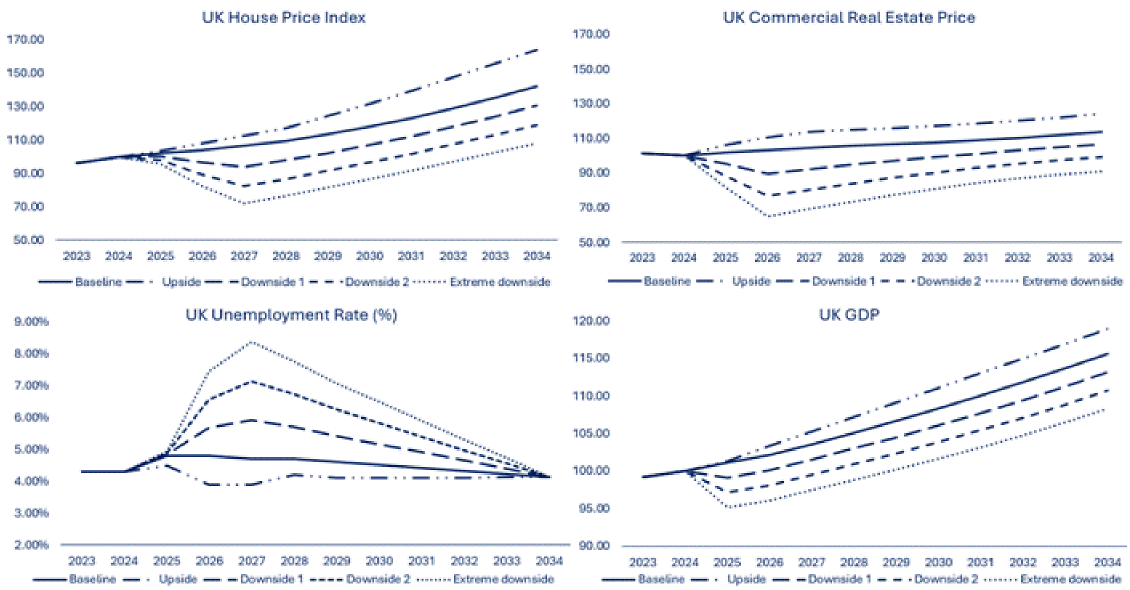
UK Unemployment rate - annual average

Year	Baseline	Upside	Downside 1	Downside 2	Extreme downside
2025	4.8%	4.5%	4.9%	4.9%	5.0%
2026	4.8%	3.9%	5.7%	6.6%	7.5%
2027	4.7%	3.9%	5.9%	7.2%	8.4%
2028	4.7%	4.2%	5.7%	6.7%	7.8%
2029	4.6%	4.1%	5.4%	6.3%	7.1%
5 year average	4.7%	4.1%	5.5%	6.3%	7.1%

UK GDP - annual growth

Year	Baseline	Upside	Downside 1	Downside 2	Extreme downside
2025	1.1%	1.3%	(0.9%)	(2.9%)	(4.8%)
2026	1.0%	2.0%	1.0%	1.0%	0.9%
2027	1.4%	1.9%	1.4%	1.4%	1.4%
2028	1.5%	1.8%	1.5%	1.4%	1.4%
2029	1.5%	1.8%	1.5%	1.4%	1.4%
5 year average	1.3%	1.8%	0.9%	0.5%	0.1%

The graphs below plot the historical data for HPI, Commercial real estate price, unemployment rate and GDP growth rate in the UK as well as the forecasted data under each of the five scenarios.



Management have assessed the impact of assigning a 100% probability to each of the economic scenarios, which would have the following impact on the Profit or Loss of the Group:

Impact of 100% scenario probability	Arbuthnot Latham Jun 2025 £m	Dec 2024 £m
Baseline	0.8	0.5
Upside	2.3	1.8
Downside 1	(1.0)	(1.9)
Downside 2	(6.7)	(5.2)
Extreme downside	(22.8)	(21.4)

4. Financial risk management

Strategy

By their nature, the Group's activities are principally related to the use of financial instruments. The Directors and senior management of the Group have formally adopted a Group Risk and Controls Policy which sets out the Board's attitude to risk and internal controls. Key risks identified by the Directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, credit and other authorisation limits and segregation of duties. The

Board also receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are budgeting procedures in place and reports are presented regularly to the Board detailing the results of each principal business unit, variances against budget and prior year, and other performance data.

The principal non-operational risks inherent in the Group's business are credit, macroeconomic, market, liquidity and capital.

Credit risk

The Company and Group take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Company and Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Credit risk is managed through the Credit Committee of the banking subsidiary.

The Committee regularly reviews the credit risk profile of the Group, with a clear focus on performance against risk appetite statements and risk metrics. The Committee considered credit conditions during the period.

The Company and Group structure the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to products, and one borrower or groups of borrowers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. The limits are approved periodically by the Board of Directors and actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, and corporate and personal guarantees.

The Group has attempted to leverage stress test modelling insights to inform ECL model refinements to enable reasonable estimates. Management review of modelling approaches and outcomes continues to inform any necessary adjustments to the ECL estimates through the form of in-model adjustments, based on expert judgement including the use of available information. Management considerations included the potential severity and duration of the economic shock, including the mitigating effects of government support actions, as well the potential trajectory of the subsequent recovery.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of collateral to secure advances, which is common practice. The principal collateral types for loans and advances include, but are not limited to:

- Charges over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities;
- Charges over other chattels; and
- Personal guarantees

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In order to minimise any potential credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Repossessed collateral, not readily convertible into cash, is made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness, or held as inventory where the Group intends to develop and sell in the future. Where excess funds are available after the debt has been repaid, they are available either for other secured lenders with lower priority or are returned to the customer.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The key inputs into the measurement of the ECL are:

- assessment of significant increase in credit risk
- future economic scenarios
- probability of default
- loss given default
- exposure at default

The IFRS 9 impairment model adopts a three stage approach based on the extent of credit deterioration since origination.

The Group's maximum exposure to credit risk before collateral held or other credit enhancements is as follows:

Group	30 June 2025					
	Banking	RAF	ACABL	AAG	All Other Divisions	Total
Credit risk exposures (all stage 1, unless otherwise stated)	£000	£000	£000	£000	£000	£000
On-balance sheet:						
Cash and balances at central banks	-	-	-	-	768,640	768,640
Loans and advances to banks	-	-	-	-	83,573	83,573
Debt securities at amortised cost	-	-	-	-	1,690,403	1,690,403
Derivative financial instruments	-	-	-	-	2,030	2,030
Loans and advances to customers (Gross of ECL)	1,430,741	280,553	231,211	87,955	1,156	2,031,616
Stage 1 - Gross amount outstanding	1,325,043	273,520	206,284	87,751	-	1,892,598
Stage 2 - Gross amount outstanding	35,746	3,375	24,927	168	-	64,216
Stage 3 - Gross amount outstanding	69,952	3,658	-	36	1,156	74,802
Other assets	-	-	-	-	5,800	5,800

Financial investments	-	-	-	-	4,975	4,975
Off-balance sheet:						
Guarantees	2,425	-	-	-	-	2,425
Loan commitments	77,937	-	275,475	-	-	353,412
At 30 June 2025	**1,511,103**	**280,553**	**506,686**	**87,955**	**2,556,577**	**4,942,874**

	30 June 2024					
Group	Banking	RAF	ACABL	AAG	All Other Divisions	Total
Credit risk exposures (all stage 1, unless otherwise stated)	£000	£000	£000	£000	£000	£000
On-balance sheet:						
Cash and balances at central banks	-	-	-	-	552,876	552,876
Loans and advances to banks	-	-	-	-	121,977	121,977
Debt securities at amortised cost	-	-	-	-	1,196,110	1,196,110
Derivative financial instruments	-	-	-	-	4,356	4,356
Loans and advances to customers (Gross of ECL)	1,546,013	236,078	264,055	76,165	1,135	2,123,446
Stage 1 - Gross amount outstanding	1,382,850	229,618	253,603	76,165	-	1,942,236
Stage 2 - Gross amount outstanding	79,114	2,559	9,816	-	-	91,489
Stage 3 - Gross amount outstanding	84,049	3,901	636	-	1,135	89,721
Other assets	-	-	-	-	6,910	6,910
Financial investments	-	-	-	-	4,156	4,156
Off-balance sheet:						
Guarantees	2,251	-	-	-	-	2,251
Loan commitments	174,459	-	280,579	-	-	455,038
At 30 June 2024	**1,722,723**	**236,078**	**544,634**	**76,165**	**1,887,520**	**4,467,120**

	31 December 2024					
Group	Banking	RAF	ACABL	AAG	All Other Divisions	Total
Credit risk exposures (all stage 1, unless otherwise stated)	£000	£000	£000	£000	£000	£000
On-balance sheet:						
Cash and balances at central banks	-	-	-	-	911,699	911,699
Loans and advances to banks	-	-	-	-	66,971	66,971
Debt securities at amortised cost	-	-	-	-	1,199,847	1,199,847
Derivative financial instruments	-	-	-	-	2,970	2,970
Loans and advances to customers (Gross of ECL)	1,549,071	249,789	228,507	77,305	1,129	2,105,801
Stage 1 - Gross amount outstanding	1,420,547	242,482	189,097	77,065	(14)	1,929,177
Stage 2 - Gross amount outstanding	60,379	4,407	38,249	240	-	103,275
Stage 3 - Gross amount outstanding	68,145	2,900	1,161	-	1,143	73,349
Other assets	-	-	-	-	7,758	7,758
Financial investments	-	-	-	-	4,947	4,947
Off-balance sheet:						
Guarantees	2,500	-	-	-	-	2,500
Loan commitments	101,412	-	324,119	-	-	425,531
At 31 December 2024	**1,652,983**	**249,789**	**552,626**	**77,305**	**2,195,321**	**4,728,024**

The table below shows the Group's expected credit loss (ECL), by segment and stage:

	30 June 2025					
Group	Banking	RAF	ACABL	AAG	All Other Divisions	Total
ECL provisions	£000	£000	£000	£000	£000	£000
Stage 1	(384)	(67)	(43)	(305)	-	(799)
Stage 2	(7)	(51)	(10)	-	-	(68)
Stage 3	(10,513)	(719)	-	(1)	(258)	(11,491)
At 30 June 2025	**(10,904)**	**(837)**	**(53)**	**(306)**	**(258)**	**(12,358)**

	30 June 2024					
Group	Banking	RAF	ACABL	AAG	All Other Divisions	Total
ECL provisions	£000	£000	£000	£000	£000	£000
Stage 1	(237)	(109)	(50)	(277)	-	(673)
Stage 2	(216)	(60)	(71)	-	-	(347)
Stage 3	(4,510)	(1,617)	(156)	-	(100)	(6,383)
At 30 June 2024	**(4,963)**	**(1,786)**	**(277)**	**(277)**	**(100)**	**(7,403)**

	31 December 2024					
Group	Banking	RAF	ACABL	AAG	All Other Divisions	Total
ECL provisions	£000	£000	£000	£000	£000	£000
Stage 1	(260)	(65)	(86)	(254)	-	(665)
Stage 2	(1,345)	(52)	(226)	-	-	(1,622)
Stage 3	(8,311)	(882)	-	-	(108)	(9,300)
At 31 December 2024	**(9,916)**	**(999)**	**(312)**	**(254)**	**(108)**	**(11,587)**

Capital management

Capital management

During the period all regulated entities have complied with all of the externally imposed capital requirements to which they are subject. The capital position of the Group remains strong. The Total Capital Requirement Ratio ("TCR") is 8.32% (30 June 2024: 8.32%; 31 December 2024: 8.32%), while the CET1 capital ratio is 12.7% (30 June 2024: 11.6%; 31 December 2024: 13.2%) and the total capital ratio is 14.8% (30 June 2024: 13.6%; 31 December 2024: 15.3%).

Valuation of financial instruments

The Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis. The objective of valuation techniques is to determine the fair value of the financial instrument at the reporting date as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In the event that fair values of assets and liabilities cannot be reliably measured, they are carried at cost.

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

- Level 1: Quoted prices in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments

The consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads assists in the judgement as to whether a market is active. If in the opinion of management, a significant proportion of the instrument's carrying amount is driven by unobservable inputs, the instrument in its entirety is classified as valued using significant unobservable inputs. 'Unobservable' in this context means that there is little or no current market data available from which to determine the level at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value (consensus pricing data may, for example, be used).

The tables below analyse financial instruments measured at fair value by the level in the fair value hierarchy into which the measurement is categorised:

At 30 June 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
ASSETS				
Derivative financial instruments	-	2,030	-	2,030
Financial investments	-	-	4,975	4,975
	-	**2,030**	**4,975**	**7,005**

At 30 June 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
ASSETS				
Derivative financial instruments	-	4,356	-	4,356
Financial investments	-	-	4,156	4,156
	-	**4,356**	**4,156**	**8,512**
LIABILITIES				
Derivative financial instruments	-	535	-	535
	-	**535**	**-**	**535**

At 31 December 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
ASSETS				
Derivative financial instruments	-	2,970	-	2,970
Financial investments	-	-	4,947	4,947
	-	**2,970**	**4,947**	**7,917**

There were no transfers between level 1 and level 2 during the year.

The following table reconciles the movement in level 3 financial instruments measured at fair value (financial investments) during the year:

Movement in level 3	At 30 June 2025 £000	At 30 June 2024 £000	At 31 December 2024 £000
At 1 January	4,947	3,942	3,942
Acquisitions	6	223	294
Disposals	-	(84)	(84)
Movements recognised in Other Comprehensive Income	22	75	795

At 30 June / 31 December	4,975	4,156	4,947

The tables below show the fair value of financial instruments carried at amortised cost by the level in the fair value hierarchy:

At 30 June 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
ASSETS				
Cash and balances at central banks	-	768,724	-	768,724
Loans and advances to banks	-	83,573	-	83,573
Debt securities at amortised cost	-	1,691,397	-	1,691,397
Loans and advances to customers	-	-	2,014,780	2,014,780
Other assets	-	-	5,800	5,800
	-	**2,543,694**	**2,020,580**	**4,564,274**
LIABILITIES				
Deposits from banks	-	196,965	-	196,965
Deposits from customers	-	4,418,019	-	4,418,019
Other liabilities	-	-	40,755	40,755
Debt securities in issue	-	-	38,392	38,392
	-	**4,614,984**	**79,147**	**4,694,131**

At 30 June 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
ASSETS				
Cash and balances at central banks	-	553,095	-	553,095
Loans and advances to banks	-	121,977	-	121,977
Debt securities at amortised cost	-	1,195,965	-	1,195,965
Loans and advances to customers	-	-	2,110,029	2,110,029
Other assets	-	-	6,910	6,910
	-	**1,871,037**	**2,116,939**	**3,987,976**
LIABILITIES				
Deposits from banks	-	193,758	-	193,758
Deposits from customers	-	3,863,155	-	3,863,155
Other liabilities	-	-	33,245	33,245
Debt securities in issue	-	-	38,256	38,256
	-	**4,056,913**	**71,501**	**4,128,414**

At 31 December 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
ASSETS				
Cash and balances at central banks	-	911,887	-	911,887
Loans and advances to banks	-	66,971	-	66,971
Debt securities at amortised cost	-	1,199,963	-	1,199,963
Loans and advances to customers	-	-	2,088,933	2,088,933
Other assets	-	-	7,758	7,758
	-	**2,178,821**	**2,096,691**	**4,275,512**
LIABILITIES				
Deposits from banks	-	192,911	-	192,911
Deposits from customers	-	4,132,493	-	4,132,493
Other liabilities	-	-	6,229	6,229
Debt securities in issue	-	-	37,982	37,982
	-	**4,325,404**	**44,211**	**4,369,615**

All above assets and liabilities are carried at amortised cost. Therefore for these assets, the fair value hierarchy noted above relates to the disclosure in this note only.

Cash and balances at central banks
The fair value of cash and balances at central banks was calculated based upon the present value of the expected future principal and interest cash flows. The rate used to discount the cash flows was the market rate of interest at the balance sheet date.

At the end of each year, the fair value of cash and balances at central banks was calculated to be equivalent to their carrying value.

Loans and advances to banks
The fair value of loans and advances to banks was calculated based upon the present value of the expected future principal and interest cash flows. The rate used to discount the cash flows was the market rate of interest at the balance sheet date.

Loans and advances to customers
The fair value of loans and advances to customers was calculated based upon the present value of the expected future principal and interest cash flows. The rate used to discount the cash flows was the market rate of interest at the balance sheet date, and the same assumptions regarding the risk of default were applied as those used to derive the carrying value.

The Group provides loans and advances to commercial, corporate and personal customers at both fixed and variable rates. To determine the fair value of loans and advances to customers, loans are segregated into portfolios of similar characteristics. A number of techniques are used to estimate the fair value of fixed rate lending; these take account of expected credit losses based on historic trends and expected future cash flows.

For the acquired loan book, the discount on acquisition is used to determine the fair value in addition to the expected credit losses and expected future cash flows.

losses and expected future cash flows.

Debt securities
The fair value of debt securities is based on the quoted mid-market share price.

Derivatives
Where derivatives are traded on an exchange, the fair value is based on prices from the exchange.

Deposits from banks
The fair value of amounts due to banks was calculated based upon the present value of the expected future principal and interest cash flows. The rate used to discount the cash flows was the market rate of interest at the balance sheet date.

At the end of each year, the fair value of amounts due to banks was calculated to be equivalent to their carrying value due to the short maturity term of the amounts due.

Deposits from customers
The fair value of deposits from customers was calculated based upon the present value of the expected future principal and interest cash flows. The rate used to discount the cash flows was the market rate of interest at the balance sheet date for the notice deposits and deposit bonds. The fair value of instant access deposits is equal to book value as they are repayable on demand.

Financial liabilities
The fair value of other financial liabilities was calculated based upon the present value of the expected future principal cash flows.

At the end of each year, the fair value of other financial liabilities was calculated to be equivalent to their carrying value due to their short maturity. The other financial liabilities include all other liabilities other than non-interest accruals.

Subordinated liabilities
The fair value of subordinated liabilities was calculated based upon the present value of the expected future principal cash flows.

5. Operating segments

The Group is organised into seven operating segments as disclosed below:

1) Banking - Includes Private and Commercial Banking. Private Banking - Provides traditional private banking services. Commercial Banking - Provides bespoke commercial banking services and tailored secured lending against property investments and other assets. The acquired mortgage portfolio is also included in Banking.
2) Wealth Management - Offering financial planning and investment management services.
3) RAF - Specialist asset finance lender mainly in high value cars but also business assets.
4) ACABL - Provides finance secured on either invoices, assets or stock of the borrower.
5) AAG - Provides vehicle finance and related services, predominantly in the truck & trailer and bus & coach markets.
6) All Other Divisions - All other smaller divisions and central costs in Arbuthnot Latham & Co., Ltd (Investment property and Central costs).
7) Group Centre - ABG Group management.

Transactions between the operating segments are on normal commercial terms. Centrally incurred expenses are charged to operating segments on an appropriate pro-rata basis. Segment assets and liabilities comprise loans and advances to customers and customer deposits, being the majority of the balance sheet.

Six months ended 30 June 2025	Banking £000	Wealth Management £000	RAF £000	ACABL £000	AAG £000	All Other Divisions £000	Group Centre £000	Total £000
Interest revenue	50,251	-	11,241	9,821	2,803	51,097	-	**125,213**
Interest revenue from external customers	50,251	-	11,241	9,821	2,803	51,097	-	**125,213**
Fee and commission income	2,541	7,844	43	3,790	-	943	-	**15,161**
Revenue	-	-	-	-	57,146	-	-	**57,146**
Revenue from external customers	**52,792**	**7,844**	**11,284**	**13,611**	**59,949**	**52,040**	**-**	**197,520**
Interest expense	(248)	324	(3,692)	(5,430)	(6,812)	(50,635)	-	**(66,493)**
Cost of goods sold	-	-	-	-	(45,556)	-	-	**(45,556)**
Fee and commission expense	(173)	(59)	(10)	-	(9)	(331)	-	**(582)**
Segment operating income	52,371	8,109	7,582	8,181	7,572	1,074	-	**84,889**
Impairment losses	(962)	-	(504)	259	(83)	(150)	-	**(1,440)**
Other income	-	-	-	-	16	708	-	**724**
Operating expenses	(36,949)	(10,045)	(3,798)	(3,673)	(8,022)	(5,441)	(5,391)	**(73,319)**
Segment profit / (loss) before tax	14,460	(1,936)	3,280	4,767	(517)	(3,809)	(5,391)	**10,854**
Income tax (expense) / income	-	-	(827)	(1,199)	82	174	(2,146)	**(3,916)**
Segment profit / (loss) after tax	**14,460**	**(1,936)**	**2,453**	**3,568**	**(435)**	**(3,635)**	**(7,537)**	**6,938**
Loans and advances to customers	1,419,837	-	279,716	231,158	87,649	898	-	**2,019,258**
Assets available for lease	-	-	-	-	297,330	-	-	**297,330**
Other assets	-	-	-	-	-	2,718,605	(8,580)	**2,710,025**
Segment total assets	**1,419,837**	**-**	**279,716**	**231,158**	**384,979**	**2,719,503**	**(8,580)**	**5,026,613**
Customer deposits	4,418,019	-	-	-	-	-	-	**4,418,019**
Other liabilities	-	-	-	-	-	341,913	(2,495)	**339,418**
Segment total liabilities	**4,418,019**	**-**	**-**	**-**	**-**	**341,913**	**(2,495)**	**4,757,437**
Other segment items:								

Capital expenditure	-	-	(3)	-	(50,892)	(2,051)	-	**(52,946)**
Depreciation and amortisation	-	-	(68)	-	(28,608)	(3,479)	(15)	**(32,170)**

The "Group Centre" segment above includes the parent entity and all intercompany eliminations.

Six months ended 30 June 2024	Banking £000	Wealth Management £000	RAF £000	ACABL £000	AAG £000	All Other Divisions £000	Group Centre £000	**Total £000**
Interest revenue	59,610	-	8,815	11,979	2,357	46,804	-	**129,565**
Interest revenue from external customers	59,610	-	8,815	11,979	2,357	46,804	-	**129,565**
Fee and commission income	1,721	6,599	104	3,564	-	781	-	**12,769**
Revenue	-	-	-	-	53,178	-	-	**53,178**
Revenue from external customers	**61,331**	**6,599**	**8,919**	**15,543**	**55,535**	**47,585**	**-**	**195,512**
Interest expense	(13,431)	-	(3,017)	(7,478)	(7,584)	(33,861)	(2,138)	**(67,509)**
Cost of goods sold	-	-	-	-	(40,457)	-	-	**(40,457)**
Fee and commission expense	(367)	(32)	(7)	-	(9)	12	-	**(403)**
Segment operating income	47,533	6,567	5,895	8,065	7,485	13,736	(2,138)	**87,143**
Impairment losses	(582)	-	(351)	3	(62)	(61)	-	**(1,053)**
Other income	-	-	-	-	53	612	39	**704**
Operating expenses	(33,380)	(9,060)	(3,321)	(3,682)	(7,451)	(4,061)	(5,003)	**(65,958)**
Segment profit / (loss) before tax	13,571	(2,493)	2,223	4,386	25	10,226	(7,102)	**20,836**
Income tax (expense) / income	-	-	(269)	(576)	(605)	(2,630)	(1,319)	**(5,399)**
Segment profit / (loss) after tax	**13,571**	**(2,493)**	**1,954**	**3,810**	**(580)**	**7,596**	**(8,421)**	**15,437**
Loans and advances to customers	1,541,087	-	234,292	263,778	75,888	998	-	**2,116,043**
Assets available for lease	-	-	-	-	287,184	-	-	**287,184**
Other assets	-	-	-	-	-	2,050,765	(8,178)	**2,042,587**
Segment total assets	**1,541,087**	**-**	**234,292**	**263,778**	**363,072**	**2,051,763**	**(8,178)**	**4,445,814**
Customer deposits	3,863,155	-	-	-	-	-	-	**3,863,155**
Other liabilities	-	-	-	-	-	324,573	1,086	**325,659**
Segment total liabilities	**3,863,155**	**-**	**-**	**-**	**-**	**324,573**	**1,086**	**4,188,814**
Other segment items:								
Capital expenditure	-	-	-	-	(56,606)	(19,979)	(118)	**(76,703)**
Depreciation and amortisation	-	-	-	-	(27,966)	(689)	(12)	**(28,667)**

Segment profit is shown prior to any intra-group eliminations.

6. Other income

Other income includes rental income from the investment property of £0.2m (H1 2024: £0.2m).

7. Earnings per ordinary share

Basic

Basic earnings per ordinary share are calculated by dividing the profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares 16,319,926 (2024: 16,319,926) in issue during the period.

Diluted

Diluted earnings per ordinary share are calculated by dividing the dilutive profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, as well as the number of dilutive share options in issue during the period. There were no dilutive share options in issue at the end of June (2024: nil).

Profit attributable	Six months ended 30 June 2025 £000	Six months ended 30 June 2024 £000
Total profit after tax attributable to equity holders of the Company	6,938	15,437

Basic Earnings per share	Six months ended 30 June 2025 p	Six months ended 30 June 2024 p
Total Basic Earnings per share	42.5	94.6

8. Share capital and share premium

	30 Jun 2025 £000	30 Jun 2024 £000
Share capital	167	167
Share premium	11,606	11,606
Share capital and share premium	**11,773**	**11,773**

Ordinary share capital

	Number of shares	Share Capital £000
At 1 January 2025	16,576,619	166
At 30 June 2025	**16,576,619**	**166**

Ordinary non-voting share capital

Number of Share

	Number of shares	Share Capital
		£000
At 1 January 2025	152,621	1
At 30 June 2025	**152,621**	**1**

Total share capital

	Number of shares	Share Capital
		£000
At 1 January 2025	16,729,240	167
At 30 June 2025	**16,729,240**	**167**

(a) Share issue costs
Incremental costs directly attributable to the issue of new shares or options by the Company are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved.

(c) Share buybacks
Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

The Ordinary shares have a par value of 1p per share (2024: 1p per share). At 30 June 2025 the Company held 409,314 shares (2024: 409,314) in treasury. This includes 390,274 (2024: 390,274) Ordinary shares and 19,040 (2024: 19,040) Ordinary Non-Voting shares.

9. Events after the balance sheet date
There were no material post balance sheet events to report.