

23 October 2025

Arbuthnot Banking Group PLC

Third Quarter 2025 Trading Update

The Board of Arbuthnot Banking Group PLC ("Arbuthnot", the "Company", The "Bank" or the "Group") provides the following update regarding the trading performance of the Group for the three months to 30 September 2025.

Highlights

- Funds under Management and Administration of £2.5bn at the period end (30 September 2024: £2.0bn) with growth of 24% over the previous 12 months.
- Customer deposit balances of £4.4bn at the period end (30 September 2024: £3.8bn); 17% growth over the previous 12 months
- Customer loans and leased assets of £2.3bn at the period end (30 September 2024: £2.5bn), a 9% decline over the previous 12 months

Group Performance

The uncertainty being caused by the speculation around the Autumn Budget where various tax increases are being suggested has dampened sentiment for both businesses and households, and specifically in the Residential Investment and Private Equity markets, which are important sources of business for the Group.

The uncertain economic outlook has meant that lending markets have continued to observe thin volumes of business with lenders aggressively competing for transactions by offering low rates. The Group's counter-cyclical lending strategy of raising relationship deposits through the Private and Commercial bank with higher margin lending through its Specialist Lending Subsidiaries continues and the Group is reluctant to be drawn into competing on price alone. Instead, we continue to maintain discipline and preserve capital for the future when markets become firmer, and pricing produces acceptable returns for our deployed capital.

Against this backdrop it is pleasing to report that of the three components making up the Bank's footings, namely; Loans, Deposits and Funds under Management and Administration (FUMA), two of them have delivered strong year-on-year growth. FUMA in particular grew 24% in the 12 months to 30 September 2025 to £2.5bn, driven by strong inflows year to date and investment portfolio performance following the market turbulence at the beginning of the year.

Following the Supreme Court ruling in August 2025 the Group noted the recent consultation by the Financial Conduct Authority ("FCA") in regard to compensation for customers who were unfairly treated as part of their motor finance agreements. The Group does not and has not provided regulated motor finance and therefore will not be within scope of any FCA compensation schemes.

Business Division Highlights

Banking

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

Deposits remained flat over the three months to finish the period with £4.4bn, a 7% increase from the previous year end and 17% up compared to the same period in the prior year. However, the proportion of lower priced relationship-led deposits increased compared to transactional deposits, in line with the

Bank's strategy to grow its Private and Commercial relationship led deposit proposition.

Lending fell 3% over the quarter and ended the period at £1.4bn, with a 10% decline year to date and 12% down over the same period for the prior year. With continuing macro-economic uncertainty, the Bank's appetite for lending remains cautious, with a focus on continuing to support existing clients, whilst maintaining its principle of high quality credit lending for new business.

The dislocation in lending markets has resulted in some cases, lenders pricing asset finance deals at rates as low as 5%, which is the equivalent of residential lending rates. The Bank continues to maintain its long-standing criteria for returns on capital employed and has not been drawn into this competition.

Wealth Management

Funds under Management and Administration grew 5% over the three month period, 13% year to date and 24% over the preceding twelve months to finish the period at £2.5bn. Inflows for the three months to 30 September 2025 were £88m with year to date gross and net inflows of £362m and £191m respectively.

The business remains focused on helping clients plan confidently for the future through practical strategies to protect family wealth and legacy in the current uncertain global environment and is standing by to support clients following the forthcoming Autumn Budget. The business is progressing well with its optimisation project which is expected to improve client experiences and generate internal process efficiencies in 2026.

Renaissance Asset Finance ("RAF")

RAF finished the period with a loan book of £280m, maintaining a steady balance over the period, which equates to year to date growth of 13% and growth of 16% against the same period in the prior year.

The Block Discounting business continues to grow making up 21% of the total book with balances of £59m, equating to year to date growth of 35%.

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

Arbuthnot Commercial Asset Based Lending ("ACABL")

ACABL finished the period with a loan book of £211m, down 7% from the previous year end. The decline is in part due to the economic uncertainty and low growth environment along with the cyclical nature of when the business started, with clients now exiting as a result of business sales and no longer requiring asset based lending facilities, compounded by pricing pressures from competitors. Additionally managed exits of non-performing clients and business failures, where ACABL has been repaid in full, together with client facilities reaching the end of their terms have further offset growth in the loan book. However, watchlist cases which are largely due to financial underperformance have reduced from their peak earlier this year.

The fourth quarter has traditionally been the busiest quarter for new business for ACABL, however the anticipation of the Autumn Budget coupled with low economic growth throughout 2025 has resulted in reduced activity for Private Equity sponsored deals.

Asset Alliance Group ("AAG")

The commercial vehicle market remained subdued throughout the third quarter. However after a slow start to the year the Bus and Coach division is now gathering momentum and showing strong signs of improvement.

As at 30 September 2025 the business had assets available for lease and finance leases totalling £385.0m with growth of 5% since the year end. However, ongoing competition and rate pressures have resulted in increased levels of brokered business, which has allowed the business to retain client relationships albeit whilst generating lower income.

Assets sales continued to disappoint in a weak market for secondhand vehicles, but more recently these have shown signs of improvement with the majority of vehicles generating profits. We have experienced losses on specific vehicle models acquired soon after COVID. This stock has now been reduced, and it is expected that these will all be sold before the year end.

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.

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