

This year we are sending a letter to let you know about some people changes at our bank.

Lord Wilson of Dinton has chaired our board since 2006. The intervening decade has been one of turmoil in global banking and comparative success at the sign of the Golden Bottle. The balance sheet stood at just £1.3bn at 31st March 2006 shortly before he joined and now exceeds £4bn. All good things come to an end, but we are pleased to announce that Sir Nicholas Macpherson, latterly of HM Treasury, has accepted the position of Chairman from this October subject to regulatory approval. We are immensely grateful to both of them.

Sir David Hoare stood down from the board after more than 50 years in March; the balance sheet stood at £8m when he joined! Richard Q Hoare also stands down from the board shortly. Both Sir David and Richard remain active and unlimited liability Partners. Alex RQ Hoare, who became a Partner two years ago, has been appointed to the board.

Jeremy Marshall, our Chief Executive since 2009, went on sick leave with cancer last summer, and has recently determined it would be better for everyone if he stepped down as Chief Executive, while remaining employed by the bank, to allow him to focus on his treatment. We are very grateful to Jeremy for his contribution as Chief Executive over the last seven years of rapid growth, and wish him a full recovery. David Green, who has nobly been serving as acting Chief Executive, formally became our Chief Executive at the end of April. David joined the bank in 2003 as Chief Financial Officer.

Finally, Rennie Hoare joined the bank on 3rd May, bringing experience gained at Threadneedle Asset Management and more recently at T. Rowe Price. On any given day there can be more than a dozen cousins working in the bank.

Our customary summary of the balance sheet is overleaf. Over the last year lending grew over 18% and deposits grew by 27%, which means the balance sheet footings exceeded £4bn. Our tier 1 capital ratio ended the year solidly at over 19%. Funds under discretionary investment management grew slightly and remain in excess of £2bn. Our full report and accounts will be available on our website from the 25th July 2016.

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John Maynard Keynes, writing in the Economic Journal 1938, had some words to say about the first nine generations of our business in a biography of Alfred Hoare (1850-1938):

“Uncomplicated by branches, unseduced by amalgamations, undisturbed by any process of change, unshaken by the financial crises of two and a half centuries, being put to no hazard by excessive ambitions or too much guessing”. May future generations be as blessed!

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Hoare'.

Alexander S Hoare

July 2016

C. HOARE & CO. AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
31 MARCH 2016

	£000
ASSETS	
Cash and balances at central banks	1,191,373
Items in course of collection from banks	2,750
Derivative financial instruments	185
Financial assets ¹	2,940,520
Property and equipment	82,073
Heritage assets	9,632
Deferred tax asset	64
Other assets	658
Prepayments and accrued income	23,159
Post retirement benefit asset	6,089
	4,256,503
Total Assets	4,256,503
LIABILITIES	
Deposits by banks	303
Customer accounts	3,841,334
Derivative financial instruments	85,162
Deferred tax liability	9,409
Other liabilities	5,204
Accruals and deferred income	35,791
Called-up share capital	120
Reserves	279,180
	4,256,503
Total Liabilities	4,256,503
MEMORANDUM ITEMS	
- Contingent liabilities (guarantees)	26,769
- Commitments	389,508

Due for approval at the Annual General Meeting on 21 July 2016.

Note:

The Auditor's Report by PricewaterhouseCoopers LLP on the statutory financial statements was unqualified.

¹ Financial Assets comprises of: Loans and advances to banks: £337,310k, Loans and advances to customers: £1,374,517k and Debt and equity securities: £1,228,693k

