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**Hampden & Co.**  
BANKERS

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1 May, 2020

Dear Shareholder,

**Hampden & Co plc**

Report on Progress

I am pleased to enclose your copy of our 2019 Annual Report representing our fourth full year of trading. Our purpose remains unchanged, to offer bespoke private banking: tailored personal service and modern convenience; banking as it should be in the 21<sup>st</sup> Century. 2019 was a year of significant, positive progress and, we believe, we are well positioned to exploit the considerable opportunities we are seeing - despite the impact of Covid-19.

Significant progress was achieved in 2019. Financially, at year-end total deposits had grown by 53% to £409 million and lending by 54% to £204 million. This contributed to revenue growth of 39% compared to the year ending December 2018. It is worth highlighting that the annual growth of each of deposits, loans and revenues between 2016 and 2019 has been in excess of 40% pa. We believe that this growth has enabled the bank to establish itself as a recognised and respected participant in the UK private banking market.

This growth has been – and continues to be - driven by the quality of our service. In 2018 we were awarded Private Bank of the Year (UK) by Spears Magazine. In 2019 this was further demonstrated when Hampden & Co was selected as the winner of a competitive process to take over the portfolio loan book of the highly respected financial services group, Smith & Williamson, when it decided to surrender its banking license. We are in discussions with other wealth managers regarding the provision of private banking services for their clients. I would like to thank our staff for the contribution they have made to the development of the business ever since we launched the Company.

I should comment, however that, as shareholders know, the world has been struck by a very serious virus: coronavirus; at the time of writing, the world is engulfed in a pandemic, the likes of which have not been experienced since the outbreak of Spanish ‘flu in 1918. The extreme impact of Covid-19 on the global economy has begun to unfold, evidenced by the daily news about the economy and its finances.

And of course, like all other companies, we have adopted operational resilience practices to ensure the safety of our staff and continuation of our services to our clients. Details of these practices are outlined in the annual report you have received and in the attached Coronavirus Appendix.

The effects have been on an unprecedented scale and are likely to persist for some time. This may well curtail the pace of growth of the Company over the short to medium-term and so extend our path to profitability. Your Board of Directors, Coronavirus notwithstanding, remain very positive about the long-term outlook for the Company.

### Looking Forward

We are grateful to our four largest shareholders who invested a further £7.1 million in a share issue this April 2020. The need for new capital from investors to cover growth, costs and regulatory requirements will continue until the Company reaches sufficient profitability to generate its own capital needs. It is the intention that all shareholders will have the opportunity to participate in another but smaller share issue at the end of the year – to raise c.£3 million at the same price as this recent issue - £1.00 per share. This will, of course, be dependent on market conditions at the time.

Despite some considerable challenges since we opened for business in June 2015, our growth has been uninterrupted, albeit slower and hence more costly than was originally planned. I would like to thank all our shareholders for being so patient while we have built a sound foundation for the Company.

Hampden & Co has an excellent client proposition and is gaining recognition and reputation, two of the key attributes for achieving sustainable growth in the years ahead. Your directors believe that, once self-financing profitability has been achieved, shareholders will reap the benefit with good returns on the investments you have made.

To support this growth, we have taken steps to strengthen the banking teams in both Edinburgh and London. The management team has been broadened by the recent appointment of two very experienced persons: a Chief Commercial Officer and a new Head of Credit. The impact of these appointments is beginning to be felt in 2020.

## Board of Directors

In October, Alan Hughes notified the Board of his decision to retire as a director of the Company and as Chairman of its Board of Directors. His contribution to our development has been most important and is much appreciated. I have chaired the Board since that date. However, I had already decided to retire from the Board during 2020, having served the Board since the start, nearly ten years ago. We have conducted two very thorough search programmes to identify a successor for me and to appoint another Director to take on the role of chair of the Audit Committee. An announcement has already gone out that Simon Miller will be appointed a director and Chairman of the Board. He has wide-ranging financial services experience, including as Chairman of Brewin Dolphin, one of the UK's leading wealth managers and as a former director of Adam & Co.

In addition, Finlay Williamson, who has extensive financial and retail banking experience at the Royal Bank of Scotland and Virgin Money, will join the Board and become chair of the Audit Committee.

Both my retirement and the two new appointments will take effect from the 2020 Annual General Meeting. We are excited about these two appointments and believe that they will strengthen the all-round skills and experience of the Board as a whole. A good, strong and effective board, with the requisite skills and experience, is as vital to the success of any business as any other attribute. I believe that our Board will fulfil those demands.

There has been one further change to your Board of Directors. Paul Shedden has recently left AXA XL, one of our three cornerstone shareholders and has retired as a director at the same time. Paul's wise counsel and clear thinking was much appreciated and valued. We expect to appoint an additional independent non-executive director to the Board this year.

## Annual General Meeting

The notice of the annual general meeting, together with guidance for required shareholder action, is enclosed with this letter.

In response to the Coronavirus (Covid-19) pandemic, the UK and Scottish Governments have introduced measures to prevent individuals engaging in non-essential travel and attending public gatherings of more than two people, save where essential for work purposes (the "**Stay At Home Measures**"). The Stay At Home Measures mean that this year's AGM will be held in a format different to that of previous years.

While the Stay at Home Measures restrict the Company's ability to follow its usual AGM format, the Company is still legally required to hold an AGM. So, the Board has concluded that, in these unprecedented circumstances and to ensure shareholders and the Company comply with the Stay At Home Measures currently in place, this year's AGM requires to be a closed meeting and **shareholders will not be permitted to attend the meeting**. The AGM will be held to conduct just the required formal business set out in the notice of AGM and no presentation will be given in respect of the Company's business.

Once the current restrictions are lifted, we intend to hold Shareholder meetings in Edinburgh and London; however, it is obviously not possible to set meeting dates at this time.

## Share Dealing

The Company has no plan to list its shares on any public market. Subject to successful conclusion of anti-money laundering checks, shareholders can buy and sell shares bilaterally at any time, giving notice to the Company Secretary. In 2018 the Company offered to facilitate such trades in a time-limited 'matched bargain' arrangement. It is your directors' desire to offer such an arrangement again in the future. Timing of this will depend upon market conditions and, importantly, the Company's need and intention to raise new capital by share issues, as set out above.

Yours sincerely



Alex Hammond-Chambers  
Chairman