

The bank notches up its 340th anniversary this year in good condition, despite everything. The capital and reserves and the balance sheet have more than doubled in the last decade; the headcount has risen to 350 loyal and qualified staff; and the number of customers remains around 10,000 but their requirements are more demanding. The bank remains well capitalised with a risk asset ratio of 18.9% and highly liquid with deposits over twice the level of advances to customers.

In March our Investment Management Department attained top quartile performance over three years with our growth and balanced portfolios. In the same week we were awarded the Private Asset Managers (PAM) top awards for reputation and for innovation. The former was to recognise that our investment management enjoys the same reputation as our banking, and the latter was to recognise our Master Charitable Trust, which allows customers the benefits of their own charitable trust without much of the administrative burden. More recently we were awarded Citywealth 'Private Bank of the Year, Wealth Managers' and 'Private Client Asset Manager of the Year'.

A major milestone for the bank this year is the redevelopment of our freehold next door, which used to house the Post Office. This will give us 20,000 sq. ft. of modern office space and a new place for receptions and presentations, to be called the Jubilee Room. This investment should improve operational efficiency and relieve pressure on the historic building at 37 Fleet Street.

The Retail Distribution Review is a major regulatory development for our industry this year, but unusually it is highly supportive of our existing business. As reported recently in the FT, we are one of only a very few wealth managers so far that have decided to be labelled fully "Independent" as from January 2013. In practice, our portfolio managers and whole-of-market financial planners already provide independent advice with transparent charging, so we have had little to change in our tried and tested approach.

Like all banks, we are under constant and increasing fraud attack; the subject calls for a separate note which we ask customers to read carefully when it is received.

In January, Avril Ellis joined us as Head of Marketing. She is interested in all manner of customer feedback and will in due course conduct a customer survey. Nick Kay and Bob Barritt have recently retired after long and distinguished service.

Leonardo da Vinci was in London this winter. He was attributed with saying: "He who wishes to grow rich in a day will be hanged in a year".

Alexander Hoare  
July 2012

**C. HOARE & CO. AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEET**  
**31 MARCH 2012**

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	<b>£000</b>
<b>ASSETS</b>	
Cash and balances at central banks	<b>631,372</b>
Items in course of collection from banks	<b>5,170</b>
Derivative financial instruments	<b>105</b>
Loans and advances to banks	<b>153,499</b>
Loans and advances to customers	<b>951,488</b>
Debt securities and other available-for-sale financial assets	<b>487,835</b>
Tangible fixed assets	<b>35,317</b>
Heritage Assets	<b>9,600</b>
Prepayments and other assets	<b>6,751</b>
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<b>Total Assets</b>	<b>2,281,137</b>
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<b>LIABILITIES</b>	
Deposits by banks	<b>476</b>
Customer accounts	<b>2,070,722</b>
Derivative financial instruments	<b>5,536</b>
Accruals and other liabilities	<b>20,119</b>
Defined benefit pension scheme liability net of deferred tax	<b>15,140</b>
Called-up share capital	<b>120</b>
Reserves	<b>169,024</b>
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<b>Total Liabilities</b>	<b>2,281,137</b>
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<b>MEMORANDUM ITEMS</b>	
- Contingent liabilities (guarantees)	<b>30,011</b>
- Commitments	<b>275,527</b>

Approved at the Annual General Meeting on 19th July 2012.

Note:

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