



Hampden & Co plc	YT Financial Strength Score:	84			
	Bank:	Hampden & Co plc			
	Parent:	n/a			
	Entity Being Assessed:	Bank			
	Deposit-taking Entity:	Bank			
	Country of Domicile:	UK			
	Sovereign Rating (Moody's):	Aa3 Stable			
Financial Information Source: Annual Financial Statements as at 31 December 2023					
Last Updated: 31/05/2024					
(A) Institution Information:					
<p>Hampden & Co plc ('the Bank') is a UK-domiciled independent private bank with offices in Edinburgh and London. The Bank gained its banking license in 2014 and opened for business in 2015. There are currently five major shareholders, namely: Hampden Holdings Limited - from which the bank derives its name - (a specialist insurer and the largest provider of Members' Agency services in the Lloyd's insurance market); Drake Enterprises AG (a Swiss investment company); Euripides Investments Limited (a Jersey-based investment company); Miamoo Investments Pty Limited (an Australian-based family office); and XL Bermuda Limited (subsidiary of AXA XL), a specialist insurer / reinsurer. The Bank offers clients a choice of service channels ranging from face-to-face contact to internet and digital services. Both Apple Pay and Google Pay capabilities were launched during the first half of 2024 as part of a wider digital banking service upgrade. In 2023, the largest shareholders provided a further £2.1 million of equity to support future business growth. The Bank has not sought any independent credit ratings as it does not borrow money from the capital debt markets.</p>					
(B) Credit Indicators:					
		Benchmark	Actual	RAG Status	
S&P	Long-Term Rating Outlook:	A Stable	N/A		
Moody's	Long-Term Rating Outlook:	A2 Stable	N/A		
Fitch	Long-Term Rating Outlook:	A Stable	N/A		
	Moody's ESG Credit Impact Score (CIS):	CIS-2	N/A		
	5-Year CDS Spread:	<100bps	N/A		
	Monthly Share Price Movement:	>PAR	N/A		
(C) Financial Analysis:					
		Benchmark	Actual	RAG Status	Trend
Balance Sheet Strength:					
	Total Shareholder Funds:	GBP	82.4 m	N/A	↑
	CET1 Capital Ratio:	>10.0%	20.5%	GREEN	↓
	Tier 1 Capital Ratio:	>12.0%	20.5%	GREEN	↓
	Total Capital Ratio:	>15.0%	20.5%	GREEN	↓
	Leverage Ratio: (Shareholder Funds / Total Assets)	>5.0%	8.7%	GREEN	↑
	Regulated Leverage Ratio:	>5.0%	8.4%	GREEN	↓
Operational Performance:					
	Core Pre-Tax Profit / Net Operating Income:	>20%	29%	GREEN	↑
	Core Net Operating Cost / Income:	<60%	70%	RED	↓
Liquidity:					
	High-Quality Liquidity Assets / Total Assets:	>10%	24%	GREEN	↓
	Liquidity Coverage Ratio (LCR):	>125%	262%	GREEN	↑
Funding:					
	Customer Deposit Book:	GBP	857.5 m	N/A	↑
	Total Customer Deposits / Total Liabilities:	>50%	99%	GREEN	↔
	Total Customer Loans / Deposits:	<100%	57%	GREEN	↑
	Net Stable Funding Ratio (NSFR):	>125%	186%	GREEN	↔
Asset Quality:					
	Expected Credit Loss Ratio:	<-0.50%	-0.02%	GREEN	↑
	RWAs / Total Assets:	<40%	38%	GREEN	↑

**(D) Financial Commentary:**

Entity Being Assessed: Hampden & Co plc

Capital Strength:

Despite a net rise of £9.6 million (13%) in Shareholder Funds (primarily from a further equity injection of £2.1 million and higher Retained Earnings), the Bank reported a slight reduction in its capital adequacy ratios at the year-end. of a still strong 20.5% (2022 Y/E = 20.8%). This was mainly due to a sizeable rise of £44.9 million (14%) in the risk-weighted asset ('RWA') total, primarily from further lending growth as well as a higher operational risk factor which reflects business growth. In addition the Bank's unadjusted balance sheet leverage ratio rose to a prudent 8.7% (2022 Y/E = 8.3%), owing to the higher Shareholder Funds that was partly offset by growth of £71.7 million (8%) in the overall balance sheet size. The Bank also reported a slightly lower regulated Leverage Ratio (excluding central banks exposure) of a still prudent 8.4% (2022 Y/E = 8.7%).

Operating Performance:

The Bank generated a Net Pre-Tax Profit figure of £9.1 million for the full-year which was up by £7.1 million (347%) compared with the net profit figure for the previous year. This equates to a respectable 29% of Total Operating Income. The uplift in net profit was mainly due to the combination of a sharp rise of £8.3 million (36%) in Total Operating Income (primarily from significantly higher Net Interest Income, higher Net Fee Income, higher Net Currency Operation Income that was partly mitigated by an adverse swing in Net Derivatives/Hedging 'Fair-Value' Movements) that was partly offset by an increase of £0.1 million (255%) in the Expected Credit Loss figure and an increase of £1.2 million (6%) in Total Operating Expenses. Although higher, the Expected Credit Loss figure equates to a minimal 0.02% of the quality Customer Loan book. In addition the cost/income ratio reduced to a reasonable 70%, down from 91% for the previous year, due to the substantially higher net revenues that was partly offset by the higher net operating costs.

Funding and Liquidity:

The Bank remained soundly funded at the year-end. The Customer Deposit book grew by £61.5 million (8%) over the period and provided a very prudent 99% of the overall funding base. Meanwhile the Customer Loan book grew by £39.9 million (9%) over the same period. As a consequence the customer loan/deposit ratio rose slightly to a still very conservative 57% (2022 Y/E = 56%). In addition the Bank maintained a buffer stock of high-quality liquid assets (HQLAs) which represented a very resilient 24% of Total Assets. The Bank also reported a higher regulated Liquidity Coverage Ratio (LCR) of a very prudent 262% (2022 Y/E = 213%) and an unchanged regulated Net Stable Funding Ratio (NSFR) of a prudent 186% (2022 Y/E = 186%).

Key Risks:

The key risk to the Bank is the possibility of higher loan impairment costs due to the adverse economic impact of the cost-of-living crisis. However the Bank's strict credit underwriting conditions, strong capital base and the financial support of its major shareholders should help mitigate this risk.

(E) Recent News:

30 April 2023 - The Bank has reported an inaugural net pre-tax profit figure of £2.0 million for the 2022 full-year - which represents 9% of Total Operating Income - as well as higher capital adequacy ratios of a strong 20.8% (2021 Y/E = 19.4%).

22 May 2024 - The Bank has announced that Tracey Davidson will join from Handelsbanken UK in the autumn as Chief Executive Officer to replace Graeme Hartop who is retiring after 11 years in the role. Ms Davidson is currently Deputy CEO of Handelsbanken UK and Chair of Handelsbanken Wealth & Asset Management having joined the UK arm of the Swedish bank from Barclays in 2003.

30 May 2024 - The Bank has reported a higher net pre-tax profit figure of £9.1 million for the 2023 full-year (mainly due to significantly higher Net Interest Income) - which represents a respectable 29% of Total Operating Income - as well as a slight reduction in the capital adequacy ratios to a still strong 20.5% (2022 Y/E = 20.8%).

This due-diligence assessment (the "Assessment") is confidential and solely for the use of the Professional Clients of Your Treasurer Ltd. We have not independently verified the information or data used in the Assessment which is based solely on publicly-available information and which may be subject to changes not reflected in the Assessment. The sole purpose of the Assessment is to assist clients in making their own assessment of the relative risks of different counterparties.

YourTreasurer due diligence assessment

Explanatory notes

The YourTreasurer due-diligence assessment has been independently compiled from publicly available information and from regular meetings with Hampden & Co. Any comments given are those of YourTreasurer and have been provided for the sole purpose of assisting you to make your own risk assessment of the Bank.

About YourTreasurer

YourTreasurer is a third-party specialist provider of independent, practical treasury risk management advice and support services to:

- banks & building societies
- asset management companies
- Lloyds' brokers
- investment platform providers
- fin-tech companies

Their proprietary bank due diligence assessment gathers relevant financial information on individual banks and calculates a range of key financial ratios as well as an overall financial strength score out of 100. This is to assist their clients with compliance of their due-diligence responsibilities.

The YourTreasurer due diligence assessment

YourTreasurer has created a 'Model Bank' (with a financial strength score of 50) which consists of individual benchmarks that they consider to be acceptable, were they to establish a new bank. Each individual key financial ratio is compared against the Model Bank's equivalent benchmark criterion. A 'RAG' status is used to support interpretation and understanding of the financial data where:

RAG status	Criteria
GREEN	Fully meets criteria
AMBER	Negative divergence of 15% or less
RED	Negative divergence of more than 15%

Note: A Red status reflects the fact that a financial ratio has a negative divergence of over 15% but does not necessarily mean that the Bank is unsuitable as a counterparty or relationship bank.

Each assessment shows 'trend' arrows to demonstrate whether a key financial ratio is improving or deteriorating when compared with the relevant period in the previous financial year. A 'RAG' colour code indicates whether the movement is 'Positive' / 'Neutral' / or 'Negative'.

Note: A 'Negative' trend arrow signifies the direction and does not necessarily mean that the Bank is unsuitable as a counterparty or relationship bank.

YourTreasurer also provides a financial commentary to explain the main reasons for the movements between the latest and previous periods for which financial information has been made publicly available. The 'Recent News' section records other key financial points that may be considered relevant.

YourTreasurer has not verified the information used in the due diligence assessment which may be subject to future changes not reflected in the Assessment. YourTreasurer and/or the Bank shall not be held liable by any client or any third party for any direct, indirect or consequential loss arising from the content of the assessment.

YourTreasurer Directors

Your Treasurer Ltd was founded in 2009 by treasury experts Donald Aiken and Sean Donald.

Donald Aiken

Managing Director

Donald has extensive experience of a wide range of treasury, risk and investment related functions, from senior roles at Clydesdale Bank, Scottish Widows Group and Morgan Stanley. Donald also served as the elected chair of the Institutional Money Market Funds Association (IMMFA) for a four-year period until February 2009 when he established his own treasury consultancy business. He is a founding director of YourTreasurer and as part of his executive role specialises in providing advice on treasury risk management policies including counterparty assessment methodology. Donald is a Fellow of the Chartered Banker Institute.

Sean Donald

Non-Executive Director

Sean has worked in the Aerospace, Technology and Government sectors for over 35 years, the majority of which was spent in senior client relationship management positions. Sean holds a BSc (Hons) in Engineering and an MBA with distinction from the University of Strathclyde Business School. Sean was a founding director of YourTreasurer with executive responsibilities for commercial operations, business development and financial risk modelling for clients. In 2021 Sean moved to a non-executive director role.

Monica Aiken

Director

Monica has worked in the financial services industry for over 15 years including HSBC Securities Services, Bradford & Bingley and Scottish Widows. Monica holds a MA Business Degree from Heriot Watt University after graduating in 2007. Monica joined YourTreasurer in 2014 and is mainly responsible for the preparation and distribution of client management information (MI) reporting as well as system developments.

About Hampden & Co

From our offices in London and Edinburgh, we offer banking expertise to personal and professional clients. We focus purely on providing a superior banking experience, meaning we have no other competing priorities or distractions. Each client has a nominated banker who delivers a service tailored to their needs, and those of their family and business.

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