

# Chairman's Statement

## Shaping the *future*

### Dear Shareholder,

2016 was another year of achievement for Brewin Dolphin. We continued to implement our client-focused strategy, which aims to increase shareholder value by growing revenue and improving operational efficiency.

The wealth management sector continues to develop rapidly, in terms of both the regulatory and the market environment. More stringent regulation and growing demand for an increasingly diverse offering form the backdrop to our strategic objectives. We have concluded that Brewin Dolphin must offer a range of investment services across the board, serving both clients with significant wealth and those with smaller sums to invest.

### Clients and employees

Clients are at the heart of Brewin Dolphin's business. Altogether, we serve around 55,000 clients, including individuals, charities and corporate organisations, providing them with advice and investment management. We also deliver investment management services to clients of more than 1,300 intermediaries, including IFAs and professional services firms.

The most important role of every Brewin Dolphin team is to earn and preserve the trust of their clients. The long-term client relationships that they create and sustain are the foundation stones of our business.

During the course of the year, I met many clients and employees. I never cease to be impressed by the complimentary feedback from clients or by the dedication of our employees who are committed to protecting and enhancing their clients' wealth.

These impressions are confirmed by the findings of our annual client survey, where we have had outstanding feedback with clients rating their satisfaction across all categories at 8.4/10, well above the 2015 industry benchmark. Such a strong endorsement of our employees, delivered by the people whose opinions count the most, bodes well for the Group's future.

### Board and executive team

During 2016, the Board continued to have the right balance of skills and experience to support the Group in the pursuit of its strategy and to support and challenge the executive management team.

Angela Knight will retire following the Company's forthcoming Annual General Meeting (AGM) on 3 February 2017. She was appointed as a Non-Executive Director in 2007, since when she has served the Group with great distinction. She became Senior Independent Director in 2014, and she will be particularly missed in that capacity. I am happy to say, however, that she has agreed to continue her association with the Group by staying on as Chairman of Tilman Brewin Dolphin Limited, our subsidiary in the Republic of Ireland.

Kath Cates, a Non-Executive Director of the Company since 2014, has agreed to replace Angela as Senior Independent Director.

The Executive Committee, chaired by David Nicol, was expanded during the year. Charged by the Board with responsibility for the day-to-day running of the business, this Committee now consists of 10 executives who between them represent all the Group's key business areas. Four members are senior wealth management executives, which has brought the voice of the client closer to the leaders of the business.

### Financial strength

During 2016, the Group's balance sheet continued to strengthen. At year end, we held £170.8 million in cash on the balance sheet and had shareholder equity of £242.8 million, of which £164.0 million represented regulatory capital. This strong position has provided the Board with considerable comfort during times of uncertainty. This was the case during the run up to and the aftermath of the Brexit referendum. It also gives us the flexibility we need to consider any emerging corporate opportunities from a position of strength. Overall, the Board is confident that our results for 2016 confirm the significant potential for generating long-term shareholder value for wealth management companies which have the right strategy and business model.

## Shareholders

In order to ensure shareholders benefit from the growth of the Company the Board has approved a dividend policy which seeks to pay out between 60% to 80% of earnings. The Board is proposing a final dividend of 9.15p per share, to be paid on 10 March 2017 to those shareholders who were on the register on 17 February 2017. This represents 77% of earnings compared to 70% last year and is an increase of 11% over 2015, in line with our strategic objective of growing our dividend.

This year, the Company's AGM will be held on 3 February 2017 at 11.30am in the Haberdashers' Hall, 18 West Smithfield, London EC9A 1HQ, a few minutes' walk from our own head office. Light refreshments will be served after the meeting. I do hope that you will be able to attend. If you are not able to do so, please write to me with any questions or comments you may have, and I will ensure that you receive a timely response. We endeavour to maintain a regular dialogue with our shareholders, large and small, and your views are always most welcome.

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### **Simon Miller**

Chairman

29 November 2016

