

Standard Bank Isle of Man Limited

Summary Financial Statements 2012

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Officers of the Company

Standard Bank Isle of Man Limited

Directors

C F Sweeney (Chairman)
J Coyle
G F Karran
P L Schlebusch
W P T Thorp
C E Till
P G Wharton-Hood
T P Wild

Secretary

N D Cole

Registered office

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Isle of Man
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Contacts

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The directors present the summary financial statements of Standard Bank Isle of Man Limited (the "Bank") for the year ended 31 December 2012. It is a summary of information contained in the Bank's audited financial statements for the year ended 31 December 2012, as approved by the Board of Directors on 21 February 2013. Those financial statements have been audited and delivered to the Registrar of Companies in the Isle of Man.

The independent auditor has issued an unqualified report on the full annual financial statements. Their report on the full annual financial statements contained no statement under the Isle of Man Financial Services Act 2008 – Financial Services Rule Book, Section 127.4 of the Isle of Man Companies Act 1931 and Sections 15.4 and 15.6 of the Isle of Man Companies Act 1982.

The summary financial statements are derived from the Bank's annual financial statements and directors' report and do not contain sufficient information to allow for a full understanding of the Bank's results and its state of affairs.

Copies of the full audited financial statements are available on request from the offices of the Bank at Standard Bank House, One Circular Road, Douglas, Isle of Man, IM1 1SB.

Summary financial statements

for the year ended 31 December 2012

	2012 £'000	2011 £'000
Summary income statement for the year ended 31 December 2012		
Profit for the year after tax	<u>5,916</u>	<u>8,849</u>
Summary statement of financial position as at 31 December 2012		
	2012 £'000	2011 £'000
Assets		
Loans and advances to banks - group	963,767	957,824
Loans and advances to banks - other	11,333	12,441
Derivative financial instruments	14,973	9,903
Financial assets designated at fair value	148,529	110,935
Financial assets held to maturity	91,956	80,677
Loans and advances to customers	53,574	22,136
Property, plant and equipment	350	369
Deferred income tax assets	13	12
Other assets	2,829	3,737
Total assets	<u>1,287,324</u>	<u>1,198,034</u>
Liabilities		
Deposits from banks	376	203
Derivative financial instruments	19,625	15,787
Deposits from customers	1,194,359	1,116,933
Current income tax liabilities	652	1,102
Subordinated debt	10,550	10,550
Other liabilities and provisions	9,139	6,780
Retirement benefit obligations	129	169
Total liabilities, excluding shareholders' funds	<u>1,234,830</u>	<u>1,151,524</u>
Equity shareholders' funds		
Share capital	5,000	5,000
Retained earnings	47,338	41,422
Cash flow hedge	-	10
Share option reserve	156	78
Equity shareholders' funds	<u>52,494</u>	<u>46,510</u>
Total liabilities and shareholders' funds	<u>1,287,324</u>	<u>1,198,034</u>

Notes to the summary financial statements

for the year ended 31 December 2012

Depositors' Compensation Scheme ("DCS") provision

The majority of licensed deposit-taking institutions in the Isle of Man are members of the statutory Isle of Man Depositors' Compensation Scheme under the Compensation of Depositors Regulations 2010. These regulations superseded the Depositors' Compensation Scheme Regulations 2008 ("the 2008 Scheme").

The 2008 Scheme provided compensation to a maximum of 100% of the first £50k or currency equivalent of individual depositors and £20k in any other case, subject to a maximum of £200 million for all participants, in the event of the failure of a participant institution to meet its obligations to depositors. Such a failure triggered the payment of a levy by each participant calculated at 0.125% of average deposit liabilities over such period preceding the levying of the contribution as deemed appropriate by the 2008 Scheme Manager, with a minimum annual contribution of £35k and a maximum annual contribution of £350k.

On 8 October 2008, the banking license granted to Kaupthing Singer and Friedlander (Isle of Man) Limited ("Kaupthing S&F") was suspended and on 27 May 2009 Kaupthing S&F was placed into liquidation, thus triggering the provisions of the 2008 Scheme, under the regulations as they stood in 2008.

The Bank contributed £1 million to the fund for three years up to 2011, but was advised by the 2008 Scheme Manager in 2011 that no further contributions would be required. In 2012 the Bank was advised that a large part of the contributions made in prior years will be refunded as it was no longer required. As a result, £0.6 million was received in 2012 and recognised as income in the statement of comprehensive income.

Contingent liabilities and commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

The total outstanding commitments and contingent liabilities are as follows:

	2012 £'000	2011 £'000
Contingent liabilities		
Cash backed financial guarantees	440	1,024
Other financial guarantees	220	227
	<u>660</u>	<u>1,251</u>
Other commitments		
Undrawn commitments to lend under one year	63	884
Undrawn commitments to lend over one year	357	4
	<u>420</u>	<u>888</u>

The Bank also had unconditionally cancellable facilities of £22.6m (2011: £16.7m). These are not included in the loan commitments above, which only represent non-cancellable facilities. In prior periods, unconditionally cancellable facilities were reported together with loan commitments. This presentation has been revised to reflect the current period presentation.

Notes to the summary financial statements (continued)

for the year ended 31 December 2012

Contingent liabilities

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act generally related to the import or export of goods. Guarantees and standby letters of credit carry the same credit risk as loans.

Undrawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent cash requirements. However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Bank monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

Operating lease commitments

	2012 £'000	2011 £'000
Total commitments under operating leases		
Future minimum lease payments		
Commitments payable within one year	576	576
Commitments payable between one and five years	2,304	2,304
Commitments payable after five years	909	1,487
Total commitments payable	3,789	4,367

The operating leases above relate to the properties occupied by the Standard Bank group of companies in the Isle of Man. These properties include the registered office of the Bank and the Bank's disaster recovery site. Rent payable for both properties is determined using the market rent basis. There are no specific renewal terms outlined in the lease contracts and the properties must be fully insured and maintained in a state of full repair under the terms of the leases.

Notes to the summary financial statements (continued)

for the year ended 31 December 2012

Investments in subsidiary companies

	2012 £	2011 £
Standard Bank Nominees (Isle of Man) Limited Nominee company 2 ordinary shares of £1 each	2	2
Stott Nominees Limited Nominee company 5 ordinary shares of £1 each	5	5
	<u>7</u>	<u>7</u>

Investments in subsidiary companies have not been shown separately on the face of the summary statement of financial position as the statement of financial position is shown in £'000.

Both of the subsidiaries are wholly owned by the Bank and are registered in the Isle of Man and shown at cost. The directors consider the value of each investment to be not less than the value stated above. The subsidiaries do not trade and their assets and liabilities are insignificant.

Immediate and ultimate holding company

The Bank is a wholly owned subsidiary of Standard Bank Manx Holdings Limited, a company incorporated in the Isle of Man, whose ultimate holding company is Standard Bank Group Limited which is incorporated in the Republic of South Africa.

The summary financial statements on pages 2 to 5 are extracts from the full audited financial statements, which were approved by the board of directors on 21 February 2013 and were signed on its behalf by:

Directors

J Coyle
W P T Thorp

The summary financial statements were approved by:

J Coyle
Director

C E Till
Director

for and on behalf of Standard Bank Isle of Man Limited on 26 March 2013.

Independent auditor's report

for the year ended 31 December 2012

Report of the independent auditor on the summary financial statements to the members of Standard Bank Isle of Man Limited

The accompanying summary financial statements, which comprise the Summary Income Statement for the year ended 31 December 2012, the Summary Statement of Financial Position as at 31 December 2012 and related notes are derived from the audited financial statements of Standard Bank Isle of Man Limited for the year ended 31 December 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 21 February 2013. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Standard Bank Isle of Man Limited.

Directors' Responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with the Financial Services Act 2008 and the regulations ("the Financial Services Rule Book") made thereunder.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 Engagements to Report on Summary Financial Statements. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Rule 2.26 of the Financial Services Rule Book and for no other purpose.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Standard Bank Isle of Man Limited for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, in accordance with the applicable requirements of the Financial Services Act 2008 and the regulations made thereunder.

PricewaterhouseCoopers LLC

Chartered Accountants

Douglas, Isle of Man

26 March 2013

Notes:

- (a) The maintenance and integrity of the Standard Bank Isle of Man Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website.
- (b) Legislation in the Isle of Man governing the preparation and dissemination of summary financial statements may differ from legislation in other jurisdictions.

Contacts

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