

Standard Bank Isle of Man Limited

Summary Financial Statements 2013



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Officers of the Company

Standard Bank Isle of Man Limited

Directors

C F Sweeney (Chairman)
J Coyle
M Hucker
G F Karran
P L Schlebusch
W P T Thorp
C E Till
T P Wild

Secretary

N D Cole

Registered office

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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 2013. It is a summary of information contained in the Bank's audited financial statements for the year ended 31 December 2013 ("the full annual financial statements"), as approved by the Board of Directors on 20 February 2014.

The summary financial statements are derived from the Bank's full 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 annual 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 2013

	2013 £'000	As restated ¹ 2012 £'000	As reported 2012 £'000
Summary income statement for the year ended 31 December 2013			
Profit for the year after tax	7,238	6,012	5,916
Summary statement of financial position as at 31 December 2013			
	2013 £'000	As restated ¹ 2012 £'000	As reported 2012 £'000
Assets			
Loans and advances to banks - group	1,151,593	963,767	963,767
Loans and advances to banks - other	15,878	11,333	11,333
Derivative financial instruments	25,312	14,973	14,973
Financial assets designated at fair value	150,809	148,529	148,529
Financial assets held to maturity	56,930	91,956	91,956
Loans and advances to customers	76,425	53,574	53,574
Property, plant and equipment	426	350	350
Deferred income tax assets	103	118	13
Other assets	1,112	2,829	2,829
Total assets	1,478,588	1,287,429	1,287,324
Liabilities			
Deposits from banks	1,140	376	376
Derivative financial instruments	25,381	19,625	19,625
Deposits from customers	1,375,023	1,194,359	1,194,359
Current income tax liabilities	792	652	652
Subordinated debt	10,550	10,550	10,550
Other liabilities and provisions	5,837	9,139	9,139
Retirement benefit obligations	1,031	1,187	129
Total liabilities, excluding shareholders' funds	1,419,754	1,235,888	1,234,830
Equity shareholders' funds			
Share capital	5,000	5,000	5,000
Retained earnings	54,744	47,506	47,338
Share option reserve	197	156	156
Post employment benefits reserve	(1,107)	(1,121)	-
Equity shareholders' funds	58,834	51,541	52,494
Total liabilities and shareholders' funds	1,478,588	1,287,429	1,287,324

¹Prior year comparatives have been restated, where relevant, to reflect the impact of the revised standard on employee benefits.

Notes to the summary financial statements

for the year ended 31 December 2013

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 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, £0.2 million was received in 2013 (2012: £0.6 million) 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 carry credit risk and are therefore part of the overall risk of the Bank.

The total outstanding commitments and contingent liabilities are as follows:

	2013 £'000	2012 £'000
Contingent liabilities		
Cash backed financial guarantees	1,833	440
Other financial guarantees	<u>216</u>	<u>220</u>
	<u>2,049</u>	<u>660</u>
Loan commitments	<u>324</u>	<u>420</u>

The Bank also had unconditionally cancellable facilities of £16.9m (2012: £22.6m). These are not included in the loan commitments above, which only represent non-cancellable facilities.

Notes to the summary financial statements (continued)

for the year ended 31 December 2013

Contingent liabilities

Guarantees commit the Bank to make payments on behalf of customers in the event of a specific act. Guarantees carry the same credit risk as loans.

Loan commitments

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.

Commitments under operating leases

The following operating leases relate to the properties occupied by the Standard Bank group of companies in Isle of Man and its employees. These properties primarily include the registered office of the Bank and the Bank's disaster recovery site. Rent payable in respect of the registered office and the archive site is determined using the market rent basis. Contingent rent payable for the disaster recovery site is payable on a Retail Price Index basis. The lease governing the rental of the registered office grants the Bank the right to extend the lease subject to specified conditions. There are no specific renewal terms outlined in the lease contracts for any of the other leased properties. All leased properties must be fully insured and maintained in a state of full repair under the terms of the leases.

	2013 £'000	2012 £'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	333	909
	<hr/>	<hr/>
Total commitments payable	3,213	3,789
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Notes to the summary financial statements (continued)

for the year ended 31 December 2013

Investments in subsidiary companies

	2013 £	2012 £
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 20 February 2014 and were signed on its behalf by:

Directors

C Till
W Thorp

The summary financial statements were approved by:

J Coyle	W Thorp
Director	Director

for and on behalf of Standard Bank Isle of Man Limited on 26 March 2014.

Independent auditor's report

for the year ended 31 December 2013

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 2013, the Summary statement of financial position as at 31 December 2013 and related notes are derived from the audited financial statements of Standard Bank Isle of Man Limited for the year ended 31 December 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 21 February 2014. 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 2013 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 2014

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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