

Standard Bank Jersey Limited

Summary Financial Statements 2012

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Officers of the Company

Standard Bank Jersey Limited

Directors

P G Wharton-Hood (Chairman)
J G Davies
J B Hemphill
M Hucker
P L Schlebusch
J P Speck
W P T Thorp

Secretary

N D Cole

Registered office

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Contacts

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The principal activities of the company are banking and related financial services activities including stockbroking, asset management, investment management and custodian services.

The information contained within these summary financial statements has been prepared in accordance with the requirements of the Banking Business (Jersey) Law 1991. Additional information to allow for a full understanding of the results of the company and state of affairs of the company has been submitted to the Jersey Financial Services Commission, as required by the Banking Business (Jersey) Law 1991. In accordance with the Banking Business (General Provisions) (Amendment) (Jersey) Order 1994, Standard Bank Jersey Limited has decided to adopt the summarised form of financial statements.

Standard Bank Jersey Limited is a wholly owned subsidiary company of Standard Bank Offshore Group Limited which is incorporated in Jersey. The ultimate holding company is Standard Bank Group Limited, a company registered in the Republic of South Africa.

Copies of the financial statements of Standard Bank Group Limited are available on request.

The directors present the summary financial statements of Standard Bank Jersey 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 20 February 2013. Those financial statements have been audited and delivered to the Registrar of Companies in Jersey. The Auditors' report was not qualified in any respect.

The summary financial statements are derived from the Bank's audited 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 to depositors on request from the offices of the Bank at Standard Bank House, 47-49 La Motte Street, St Helier, Jersey JE2 4SZ, Channel Islands.

Financial Review

for the year ended 31 December 2012

2012 was a difficult year financially for Standard Bank Jersey Limited (“the Bank”), reflecting continued tough market conditions. Headline earnings for 2012 of £0.9m were significantly lower than 2011 (£2.7m). Deposits also saw a decline of 19% year on year, with expected outflows of discontinued fund business and large working capital deposits contributing to this decline.

Revenues of £23.6m for 2012 were down by 20% on the prior year. The European debt crisis continued to weigh heavily on stock markets and clients’ appetite to invest new money into developed markets has suffered significantly as a result. Consequently, investment services revenue declined for the year. Foreign exchange income was also lower as a result of the decrease in client activity, most notably in the Corporate sector, although margins were maintained. To counter the impact of lower revenue, several cost containment initiatives were put in place, which resulted in overall cost reductions of 18% as compared with 2011. This positive cost shape has been achieved whilst also investing in the Bank’s distribution capability in Africa.

Although deposits saw a decline year on year the Bank increased its credit activities, without an undue increase in risk, resulting in third party lending increasing to £207m as at December 2012 (2011: £142m). This more than offset the negative P&L impact of a lower deposit book. Looking forward, our loan and deposit pipeline is healthy and we can see clear traction developing from the distribution network capability developed in Africa.

During 2012 the Board approved the integration of the investment activities in the Bank with that of Standard Bank International Investments Limited (“SBIIIL”), previously Melville Douglas International Limited (“MDI”), a fellow subsidiary in the Standard Bank Offshore Group, with the aim of housing all the investment activities in SBIIIL effective 1 April 2013. The Bank will continue to provide operational and front office support through its shared services centre to SBIIIL operations. The Bank will charge SBIIIL a management fee for these services.

Standard Bank Jersey Limited is supported by a loyal and diverse global client base and remains an integral part of the overall Standard Bank Group business plans. It is well capitalised to support its deposit-led business, with total capital reserves of £74.8m (including subordinated loan capital of £21.2m) as at 31 December 2012, and Risk Asset Ratio (“RAR”) of 15.78% (2011: 14.66%).

Since being established in Jersey in 1992, in addition to becoming an integral part of the local business community, the Bank has also connected with the local community through many charitable initiatives and built strong long-term partnerships through key cultural and sporting sponsorships.

Discontinued operations - Investment services

In 2012 the Board approved the integration of the current investment business in the Bank with the activities of SBIIIL (see above on page 3).

Following a strategic review, the board further decided to close its International Investor Services business in its entirety by 31 January 2013.

A detailed summary of the impact on the business is discussed in the audited financial statements which are available on request.

Summary financial statements

for the year ended 31 December 2012

Results for the year ended 31 December 2012	2012	As restated ¹
Summary statement of comprehensive income	£'000	£'000
Net interest income	12,379	11,499
Other income	4,186	6,783
Expenses	(20,803)	(22,265)
Loss before income tax	(4,238)	(3,983)
Income tax	467	682
Loss for the year from continuing operations ¹	(3,771)	(3,301)
Profit for the year from discontinued operations ¹	4,708	6,017
Retained profit for the year after tax	937	2,716
Summary statement of financial position as at 31 December 2012	2012	2011
	£'000	£'000
Assets		
Loans and advances	1,071,495	1,331,554
Financial assets	58,177	48,875
Other assets	10,524	12,338
Total assets	1,140,196	1,392,767
Liabilities		
Deposits	1,041,402	1,294,257
Financial liabilities	10,623	11,604
Other liabilities and provisions	34,602	36,671
Total liabilities, excluding shareholders' funds	1,086,627	1,342,532
Shareholders' funds	53,569	50,235
Total liabilities and shareholders' funds	1,140,196	1,392,767

¹Prior year comparatives have been restated, where relevant, to reflect the impact of discontinued operations. A brief summary of the impact is discussed below and in the financial review on page 2.

The Bank will continue to provide operational front office support to SBIL through its shared services centre. The Bank will charge SBIL a management fee for this support which is projected to be £5.7 million for the year ending 31 December 2013, which will be reflected as income from continued operations of the Bank in its 2013 financial statements. On an equivalent basis, the net impact of the discontinued operations would be a positive impact to the Bank of £0.5 million before tax.

Contacts

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