

Standard Bank Jersey Limited

Summary Financial Statements 2013

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Officers of the Company

Standard Bank Jersey Limited

Directors

C F Sweeney (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.

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

Performance commentary

The Bank remained focused on its African strategy in 2013, a year which continued to be a challenge reflecting the continued difficult market conditions. Headline earnings for 2013 of £2.2m were a significant improvement on 2012 (£0.9m). The African strategy resulted in notable improvements to the balance sheet with deposits showing growth of 27% on prior year closing at £1.32bn, the loan book growing by 36% to £282.9m and an increase in upstreamed placements to the broader Standard Bank Group of 25%, closing at £1.08bn.

Revenues increased on prior year, with net interest income showing an increase to £13.5m from prior year's £12.4m. This was mainly driven by the increase in the deposits albeit in a continuing low-interest rate environment.

In 2012, the Board approved the integration of the investment activity of the Bank with the activities of Standard Bank International Investments Limited ("SBIIIL"), previously Melville Douglas International Limited ("MDI"), a fellow subsidiary in Standard Bank Offshore Group. All investment activities were transferred to SBIIIL with effective from 1 April 2013.

Following a strategic review, the Board closed the International Investor Services business on 31 January 2013. There has been no material impact to the financial results of the Bank during the year as a result of this discontinued activity.

The significant reduction in net profit for the year from discontinuing operations, which relate to the integration of the investment business, was offset by the management fee income charged by the Bank to SBIIIL for the provision of operational and front office support. Cost control measures continued to be one of the focus areas in the year and positively contributed to the increase in headline earnings.

The Bank continued to grow its loan portfolio during the year, without a change in the risk profile. The loan loss provision remained insignificant. Looking forward, the loan and deposit pipelines continue to show a healthy outlook.

Prior year restatement

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

The revised standard, IAS 19: Employee benefits, includes a number of amendments which are applicable to the Bank. The fundamental change, which became effective for annual periods beginning on or after 1 January 2013, was the requirement to recognise all actuarial gains and losses in the period in which they arise (i.e. the corridor method was removed). The impact of this change is that £7.6m (net of taxation) of the defined benefit deficit from prior years that was deferred (unrecognised) under the previous corridor approach, has been recognised in full and the prior year comparatives have been restated. This has been recognised through the reserves (other comprehensive income) as required by the revised standard, resulting in a reduction in the restated operating expenses. A deficit of £0.8m (net of tax) arising during the year has also been recognised in full in 2013.

Summary financial statements

for the year ended 31 December 2013

Results for the year ended 31 December 2013	2013 £'000	As restated ¹ 2012 £'000	As reported 2012 £'000
Summary statement of comprehensive income			
Net interest income	13,485	12,379	12,379
Other income	3,764	4,186	4,186
Expenses	(15,991)	(19,657)	(20,803)
Profit/(loss) before income tax	1,258	(3,092)	(4,238)
Income tax	(30)	352	467
Profit/(loss) for the year from continuing operations ¹	1,228	(2,740)	(3,771)
Profit for the year from discontinued operations ¹	968	4,708	4,708
	<u>2,196</u>	<u>1,968</u>	<u>937</u>
Retained profit for the year after tax			
	<u>2,196</u>	<u>1,968</u>	<u>937</u>
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	1,365,107	1,071,495	1,071,495
Financial assets	59,103	58,177	58,177
Other assets	8,540	11,345	10,524
Total assets	<u>1,432,750</u>	<u>1,141,017</u>	<u>1,140,196</u>
Liabilities			
Deposits	1,332,121	1,041,402	1,041,402
Financial liabilities	13,080	10,623	10,623
Other liabilities and provisions	39,877	42,990	34,602
Total liabilities, excluding shareholders' funds	<u>1,385,078</u>	<u>1,095,015</u>	<u>1,086,627</u>
Shareholders' funds	<u>47,672</u>	<u>46,002</u>	<u>53,569</u>
Total liabilities and shareholders' funds	<u>1,432,750</u>	<u>1,141,017</u>	<u>1,140,196</u>

¹Prior year comparatives have been restated, where relevant, to reflect the impact of the revised standard on employee benefits. A brief summary of the impact is discussed in the financial review on page 2.

Contacts

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