



Standard Bank  
Isle of Man Limited

**Summary Financial  
Statements for the year  
ended 31 December 2021**

**Standard Bank Isle of Man Limited**  
**Summary financial statements for the year ended 31 December 2021**

**Contents**

	Page
General information	2
Financial review	3
Summary financial statements	4 – 7
Independent auditor's report	8
Contacts	9

# Standard Bank Isle of Man Limited

## Summary financial statements for the year ended 31 December 2021

### General Information

#### Directors

P L Schlebusch (Chairman)  
I W Hamilton  
W P T Thorp  
C E Till  
M Nienaber  
I M McArdle  
A A J Doherty  
G M Vogel  
S Kennedy (appointed on 30 April 2021)  
J C N Peake (resigned on 23 February 2022)

#### Secretary

H Cullen (appointed on 29 January 2021)  
J C N Peake (resigned as secretary on 29 January 2021)

#### Registered office

Standard Bank House  
One Circular Road  
Douglas  
Isle of Man  
IM1 1SA

#### Contacts

Telephone: +44 (0) 1624 643643  
Facsimile: +44 (0) 1624 643800  
E-mail: [personalbanking@standardbank.com](mailto:personalbanking@standardbank.com)  
Website: [www.international.standardbank.com](http://www.international.standardbank.com)

The directors present the summary financial statements of Standard Bank Isle of Man Limited (the "Bank") for the year ended 31 December 2021 which have been prepared in accordance with the applicable requirements of the Financial Services Act 2008 and the regulations (the Financial Services Rule Book) made thereunder. It is a summary of information contained in the Bank's audited financial statements for the year ended 31 December 2021 ("the full annual financial statements"), as approved by the Board of Directors on 22 February 2022. 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 full annual financial statements but do not contain the equivalent detailed note disclosures or additional information regarding the Bank's results and its state of affairs.

Copies of the full annual financial statements are available on request from the registered office of the Bank.

The Bank 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 <https://reporting.standardbank.com>.

# Standard Bank Isle of Man Limited

## Summary financial statements for the year ended 31 December 2021

### Financial Review

#### For the year ended 31 December 2021

#### Performance commentary

The Bank recorded a 30.6% decline in net profit for the year from £20.3m to £14.1m. The decrease year-on-year ("YoY") was driven by decline in revenue of 2.8% (£1.3m) as a result of lower UK and US base interest rates and the impact of the credit rating downgrade of the Standard Bank of South Africa ("SBSA") as a consequence of the downgrade of South Africa ("SA") sovereign rating. Additionally, the operating expenses including management charges grew by 23.1% (£5.5m).

#### Income

Net interest income ("NII") accounted for a substantial proportion of the 2.8% decline in revenue, decreasing by 26.1% from £28.8 in 2020 to £21.3m in 2021. The decline was driven by a combination of lower interest rates as noted above and the balance sheet diversification requirement due to Moody's downgrades of the SBSA in November 2020. As a result, SBIOM's average asset yield reduced from 84bps in 2020 to 56bps in 2021.

Non-interest revenue ("NIR") grew by 36.1% (£6.3m). The increase was mainly due to fee income growth driven by average growth in client loans and deposits in addition to pricing revisions and client foreign exchange ("FX") revenue growth driven by increases in FX overall margins and trade counts partially offset by lower volumes.

#### Expenses

Total operating expenses increased 23.1% YoY (£5.5m) mainly driven by; the reclassification of Front office staff related recoveries paid by the Bank to other group related entities from fee and commission expenses under revenue to other operating expenses (£1.9m), new cost incurred during the year – franchise fees (£1.3m) and the impact of the provision raised in respect of a civil penalty (£0.2m). The cost-to-income ratio increased from 51.3% to 64.9% YoY.

#### Loans and advances

Gross loans and advances to customers grew 49.9% YoY due to the Bank's continued strategic focus to grow the loan book.

Loans and advances to Standard Bank South Africa ("SBSA") increased by 63.5% YoY. The increase was mainly driven by an improvement in the credit risk assessment of SBSA which led to a revision of the SBSA exposure limits in the bank's downgrade contingency plan which was approved by the board and the Isle of Man Financial Services Authority ("IOMFSA"). This allowed for placements with SBSA to be increased from the previous levels.

#### Capital

The Bank remains well capitalised, with a Total Capital Ratio ("TCR") at year end of 13.0% (2020: 19.5%) prior to capitalising the profits for 2021, well above the minimum jurisdictional regulatory requirement of 10%.

Whilst the Bank experienced continued profitability, the capital ratio trend above reflects the dividend actions noted below and sustained loan growth.

#### Dividends

The Board approved and paid a dividend of £20m during the year ended 31 December 2021 (2020: £20m).

#### Funding and liquidity

The Bank's liquidity position remained strong and within approved risk appetite and tolerance limits. The Bank's investment into financial assets at amortised cost ("treasury bills") decreased during the year and closed at £2,007m (2020: £2,403m).

**Standard Bank Isle of Man Limited**  
**Summary financial statements for the year ended 31 December 2021**

**Summary statement of comprehensive income for the year ended 31 December 2021**

	2021 £'000	2020 £'000
Profit for the year after income tax	14,092	20,312
Total other comprehensive income	(1,321)	(544)
<b>Total comprehensive income for the year</b>	<b>12,771</b>	<b>19,768</b>

**Summary statement of financial position as at 31 December 2021**

**Assets**

Loans and advances to banks - Group	1,388,455	849,441
Loans and advances to banks - Other	77,890	29,202
Loans and advances to customers	780,942	521,036
Financial assets at amortised cost	2,006,510	2,402,943
Equity instruments at fair value through OCI	1,255	4,786
Derivative financial instruments	38,578	25,352
Property, plant, equipment and right of use assets	4,691	5,186
Deferred tax asset	-	31
Other assets	1,905	446
Retirement benefit asset	406	-
<b>Total assets</b>	<b>4,300,632</b>	<b>3,838,423</b>

**Liabilities**

Deposits from banks	31,584	17,822
Derivative financial instruments	30,340	22,995
Deposits from customers	4,003,169	3,560,367
Current tax liability	1,697	2,247
Deferred tax liability	41	-
Other liabilities and provisions	25,975	19,579
Retirement benefit liability	-	309
<b>Total liabilities, excluding shareholder's funds</b>	<b>4,092,806</b>	<b>3,623,319</b>

**Equity shareholder's funds**

Share capital	5,000	5,000
Retained earnings	194,779	197,364
Non-Cumulative Additional Tier 1 Capital Notes	10,550	10,550
Equity instruments at fair value through OCI	531	4,370
Share option reserves	-	17
Cashflow hedging reserve	(206)	1,162
Post-employment benefits reserve	(2,828)	(3,359)
<b>Equity shareholder's funds</b>	<b>207,826</b>	<b>215,104</b>
<b>Total liabilities and shareholder's funds</b>	<b>4,300,632</b>	<b>3,838,423</b>

**Notes to the summary financial statements**  
**For the year ended 31 December 2021**

---

**1. Basis of compliance**

The Bank's full annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

**2. Equity instrument at FVOCI**

**Preferred stock**

Following the purchase of Visa Europe Limited by Visa Inc. on 21 June 2016, among other consideration for its interest in Visa Europe, the Bank received 3 282 Series B Visa Inc. participating preferred stock ("Preferred stock"). The preferred stock is restricted and not tradeable. Restrictions will be lifted, and the preferred stock will be eligible for conversion to tradeable Class A Visa Inc. common stock no later than 21 June 2028, the twelfth anniversary of the transaction close date.

The eventual number of units of Class A Visa Inc. common stock to be received on 21 June 2028 will depend primarily on:

- *Covered claims recovered against the shares:*  
Covered claims are certain legal claims, as defined in the Litigation Management Deed that have been or will be made against Visa Inc. in relation to competition law breaches by Visa Europe. These covered claims will be borne by the members of Visa Europe Limited through a reduction in the conversion ratio for their preferred stock to Visa Inc common stock.
- *Partial conversion prior to the twelfth anniversary of the sale transaction:*  
The Certificate of Designations of the preferred stock provides for Visa Inc. in consultation with an independent Visa Europe litigation management committee to make assessments for partial conversion to common stock on: 21 June 2020, 21 June 2022, 21 June 2024, 21 June 2025, 21 June 2026, 21 June 2027 and 21 June 2028.

Valuation approach

The Bank has used a discounted cash flow model to determine the fair value of the preferred stock using the following inputs:

- Duration of the remaining restriction period;
- Covered claims to be paid over the remaining restriction period;
- Partial conversions during the remaining restriction period;
- Visa common stock share price growth through the remaining restriction period;
- Dividends to be received on the preferred stock during the remaining restriction period; and
- Interest rate assumptions for cashflow discounting purposes.

Observability

Where possible, observable market inputs have been used. Due to the uncertainty around the quantum and timing of the covered claims as well as the duration of the remaining restriction period, certain unobservable inputs have been used. The impact of the estimates used for the unobservable inputs have not been considered material to the valuation outcome, hence valuation sensitivity has not been performed for the estimates.

**Common stock**

The Bank completed the disposal of its common stock holding in Visa Inc. on 25 January 2021 following the first partial conversion of preferred stock.

**Standard Bank Isle of Man Limited**  
**Summary financial statements for the year ended 31 December 2021**

**Notes to the summary financial statements (continued)**  
**For the year ended 31 December 2021**

**2. Equity instrument at FVOCI (continued)**

***Equity instrument at FVOCI reserves***

The following table outlines the Equity instrument at FVOCI reserve movements in the year and prior year:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Balance at 1 January	<b>4,370</b>	4,436
Re-measurement of Visa stock	<b>(484)</b>	(66)
Transfer to retained earnings	<b>(3,355)</b>	-
Balance at 31 December	<b>531</b>	4,370

***Amounts recognised in the income statement***

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Dividends received	<b>13</b>	29

**3. Contingent liabilities and commitments**

To meet the financial needs of customers the Bank enters into various irrevocable commitments and contingent liabilities. Although 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.

**Guarantees**

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

The total financial guarantees are as follows:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Financial guarantees	<b>3,427</b>	2,928

**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.

Total loan commitments as at 31 December 2021 amount to £61.5m (2020: £55.6m), which represent non-cancellable facilities. The Bank also had unconditionally cancellable facilities of £85m (2020: £84m).

**Standard Bank Isle of Man Limited**  
**Summary financial statements for the year ended 31 December 2021**

**Notes to the summary financial statements (continued)**  
**For the year ended 31 December 2021**

---

**4. Leases**

The 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 disaster recovery 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.

The future minimum payments under non-cancellable leases are as follows:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Future minimum lease payments</b>		
Current commitments	<b>246</b>	172
Non-current commitments	<b>4,255</b>	4,570
<b>Total</b>	<b>4,501</b>	4,742

**5. Immediate and ultimate holding company**

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

The summary financial statements on pages 4 to 7 are extracts from the full annual financial statements, which were approved by the board of directors on 22 February 2022 and were signed on its behalf on 22 February 2022 by J C N Peake and C E Till.

The summary financial statements for the year ended 31 December 2021 were approved by:

I W Hamilton  
Director

C E Till  
Director

For and on behalf of Standard Bank Isle of Man Limited on 12 April 2022.



## **Standard Bank Isle of Man Limited**

### **Report of the independent auditor on the summary financial statements to the member of Standard Bank Isle of Man Limited**

---

#### **Opinion**

In our opinion, the accompanying summary financial statements of Standard Bank Isle of Man Limited (the "Bank") are consistent, in all material respects, with the audited financial statements, on the basis described in 'General information'.

#### **Summary financial statements**

The Bank's summary financial statements derived from the audited financial statements of the Bank for the year ended 31 December 2021 comprise:

- the summary statement of financial position as at 31 December 2021;
- the summary statement of comprehensive income for the year then ended;
- the related notes.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

#### **The audited financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 24 February 2022.

---

#### **Directors' responsibility for the summary financial statements**

The directors are responsible for the preparation of the summary financial statements on the basis described in 'General information'.

---

#### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

This report, including the opinion, has been prepared for and only for the company's member in accordance with Rule 2.22 of the Financial Services Rule Book and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**PricewaterhouseCoopers LLC**  
**Chartered Accountants**  
**Douglas, Isle of Man**

**12 April 2022**

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.

**Standard Bank Isle of Man Limited**  
**Summary financial statements for the year ended 31 December 2021**

**Contacts**

Standard Bank Isle of Man Limited  
Standard Bank House  
One Circular Road  
Douglas Isle of Man IM1 1SA  
Telephone: +44 (0)1624 643643  
Facsimile: +44 (0)1624 643800  
E-mail: [personalbanking@standardbank.com](mailto:personalbanking@standardbank.com)  
Website: [www.international.standardbank.com](http://www.international.standardbank.com)