



**Standard Bank
Isle of Man Limited**

**SUMMARY FINANCIAL
STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2023**

Standard Bank Isle of Man Limited
Summary financial statements for the year ended 31 December 2023

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Summary financial statements for the year ended 31 December 2023

General Information

Directors

P L Schlebusch (Chairman)
W P T Thorp
A A J Doherty
L J Nelson
L Francis
O O Sanni (Appointed on 21 February 2023)
C J Johnson (Appointed on 14 November 2023)
S Kennedy (Resigned on 17 May 2023)
G M Vogel (Resigned on 12 June 2023)
I M McArdle (Resigned on 18 July 2023)

Secretary

H Cullen

Registered office

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Isle of Man
IM1 1SB

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 2023 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 2023 ("the full annual financial statements"), as approved by the Board of Directors and signed on its behalf on 13 March 2024. The independent auditor has issued an unqualified report on the full annual financial statements. The auditor has an obligation to report by exception under the Isle of Man Companies Acts 1931 to 2004 if in their opinion: (a) they have not received all the information and explanations they require for their audit; (b) proper books of accounts have not been kept, or proper returns adequate for their audit have not been received from branches not visited by them; (c) the financial statements are not in agreement with the books of account and returns; and (d) certain disclosures of directors' loans and remuneration specified by law have not been complied with. The auditor in their report on the full annual financial statements reported no exceptions on the above-mentioned items.

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>.

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Financial Review

For the year ended 31 December 2023

Performance commentary

The Bank recorded a 120.4% increase in net profit for the year, from £55.4m to £122.1m. The increase year-on-year ("YoY") was driven by a 97.8% (£92.9m) uplift in net operating income. This was primarily driven by Net Interest Income of 131.4% (£96.1m) above prior year due to higher interest income from existing client loans, financial instruments and loans and advances to banks. This was partially offset by operating expenses including management charges and franchise fees which grew by 57.1% (£19.2m).

Income

Net interest income ("NII") accounted for a substantial proportion of the 97.8% uplift in net operating income, growing by 131.4% from £73.1m in 2022 to £169.3m in 2023. The increase was primarily driven by asset margin expansion on the back of UK and US policy rate changes in 2023 resulting in higher interest income on loans and financial investments.

Net non-interest revenue ("NIR") dropped by 5.2% (£1.4m) excluding the impact of positive valuation of hedges (£3.6m). The decline was mainly driven by lower loan arrangement fees (£0.8m) due to lower uptake of client loans in a high interest rate environment, and lower transactional fees (£0.6m).

Expenses

Total expenses (exclusive of management charges and franchise fees) increased 55.0% YoY (£9.8m) mainly driven by; personnel expenses which increased by 65.1% (£7.2m) due to a 30% increase in headcount and basic salary inflationary increases, travel (£0.2m) as global travel continued to normalise and additional VAT on management fees (£0.3m). The cost-to-income ratio reduced from 35.4% to 28.1% YoY.

Other Comprehensive Income

Other comprehensive income movement of £5.6m was mainly driven by impact of change in fair value of outstanding cashflow hedges (£3.7m) and net change in fair value of equity instruments (£1.4m).

Loans and advances

Loans and advances to customers declined by 13.2% (£129.0m) YoY mainly on account of repayments during the period in a high interest rate macro environment, which also impacted client appetite to borrow.

Loans and advances to Standard Bank South Africa ("SBSA") have remained flat YoY.

Capital

The Bank remains well capitalised, with a Total Capital Ratio ("TCR") at year end of 13.7% (2022: 14.1%) prior to capitalising the profits for 2023, well above the minimum jurisdictional regulatory requirement of 10.0%.

Dividends

The Board approved and paid a dividend of £26.0m during the year ended 31 December 2023 (2022: £nil).

Funding and liquidity

The Bank's liquidity position remained strong and within approved risk appetite and tolerance limits. The Bank's investment in sovereign debt decreased during the year and closed at £1,913m (2022: £2,029m).

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Summary statement of comprehensive income for the year ended 31 December 2023

	2023 £'000	2022 £'000
Profit for the year after income tax	122,099	55,411
Total other comprehensive income	492	6,167
Total comprehensive income for the year	122,591	61,578

Summary statement of financial position as at 31 December 2023

Assets		
Loans and advances to banks	1,602,991	1,589,089
Loans and advances to customers	846,744	975,791
Financial assets at amortised cost	1,913,469	2,028,781
Equity instruments at fair value through OCI	1,410	1,146
Derivative financial instruments	25,364	40,644
Property, equipment and right of use assets	6,812	4,587
Deferred tax asset	1,442	-
Other assets	9,281	5,198
Retirement benefit asset	1,645	1,773
Total assets	4,409,158	4,647,009
Liabilities		
Deposits from banks	26,230	32,865
Derivative financial instruments	19,561	31,228
Deposits from customers	3,941,824	4,274,875
Current tax liability	14,562	6,281
Deferred tax liability	-	250
Other liabilities and provisions	42,100	32,320
Total liabilities, excluding shareholder's funds	4,044,277	4,377,819
Equity shareholder's funds		
Share capital	5,000	5,000
Retained earnings	346,519	250,976
Additional Tier 1 Capital notes	10,550	10,550
Equity instruments at fair value through OCI	1,410	1,146
Cashflow hedging reserve	3,298	3,242
Post-employment benefits reserve	(1,896)	(1,724)
Equity shareholder's funds	364,881	269,190
Total liabilities and shareholder's funds	4,409,158	4,647,009

Notes to the summary financial statements
For the year ended 31 December 2023

1. Basis of compliance

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

2. 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 as at 31 December 2023 amount to £2.5m (2022: £3.0m).

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 2023 amount to £10.4m (2022: £20.5m), which represent non-cancellable facilities. The Bank also had unconditionally cancellable facilities of £27.5m (2022: £50.0m).

In the routine operations of the Bank, it is not uncommon to be periodically subject to potential and actual litigation or claims, the outcome of which is frequently uncertain as to timing and whether any liability or asset exists. Management reviews the relevant cases and consults with in-house and external legal counsel, as appropriate, at the balance sheet date. Due to inherent uncertainties involved in determining whether the Bank has a present obligation and because the amount or impact may not be readily quantifiable, provisions in this regard are not considered necessary except as specifically disclosed. Whilst the Directors consider that the liabilities are fairly stated on the basis of the information currently available to them at the balance sheet date, adjustments may be required for any material potential and actual claims as they develop.

3. 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 5 are extracts from the full annual financial statements, which were approved by the board of directors and signed on its behalf on 13 March 2024 by L J Nelson and L Francis.

The summary financial statements for the year ended 31 December 2023 were approved by:

L J Nelson
Director

L Francis
Director

For and on behalf of Standard Bank Isle of Man Limited on 2 April 2024.

Standard Bank Isle of Man Limited

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

Our opinion

In our opinion, the accompanying summary financial statements of Standard Bank Isle of Man Limited (the "Company") are consistent, in all material respects, with the audited financial statements, on the basis described in Note 1.

The summary financial statements

The Company's summary financial statements derived from the audited financial statements for the year ended 31 December 2023 comprise:

- the summary statement of financial position as at 31 December 2023;
- the summary statement of comprehensive income for the year then ended; and
- the related notes to the summary financial statements.

The summary financial statements do not contain all the disclosures required by IFRS Accounting 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 audited financial statements, and the summary 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 15 March 2024.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements on the basis described in Note 1 and under '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 810 (Revised), Engagements to Report on Summary Financial Statements.

This report, including the opinion, has been prepared for and only for the Company's directors 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.

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.

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Contacts

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