

Standard Bank Jersey Limited

Summary Financial Statements 2014

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Officers of the Company

Standard Bank Jersey Limited

Directors

C F Sweeney (Chairman)
C A Broadley
J G Davies
J B Hemphill
M Hucker
J P Speck
W P T Thorp

Secretary

N D Cole

Registered office

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St Helier
Jersey
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Contacts

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The principal activities of the company are banking and related financial services activities including 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 2014. It is a summary of information contained in the Bank's audited financial statements for the year ended 31 December 2014, as approved by the Board of Directors on 19 February 2015. 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 2014

Performance commentary

The Bank's financial performance improved significantly in 2014 driven by the continued success of our client franchise, focused on Africa. The Bank's headline earnings of £3.3m were 49% ahead of prior year (profit from continuing operations 166% ahead of 2014) despite an exceptional charge of £2.6m relating to a pension scheme de-risking exercise (see page 3). The return on equity of 7% was impacted by the aforementioned exceptional charge. A normalised return on equity of 12% was on the right trajectory to achieve our targets over the next 3 years.

The Bank's balance sheet continued to show a significant growth with client deposits closing at £1.7b (2013: £1.3b), representing a 31% increase. Loans and advances to customers increased to £309m (2013: £283m) although a further £85m of loans was sub-participated to a fellow subsidiary, Standard Bank Isle of Man Limited (see below).

Revenues increased on prior year as a direct result of the growth in the balance sheet with net interest income showing an increase to £15m from prior year's £13.5m. Cost control measures continued to be one of the focus areas and positively contributed to the increase in headline earnings. Personnel expenses of £19.7m increased by 11% from prior year (2013: £17.8m) but this includes the exceptional charge of £2.6m related to the pension scheme de-risking exercise. The Bank's cost to income ratio of 81% was well below 87% in prior year; the normalised ratio being 66% (2013: 82%) excluding non-trading items.

The Bank's regulatory capital (risk asset ratio - RAR) closed at 13.98% compared to the regulatory minimum requirement of 11%.

Share options

Certain employees have been granted share options under the Standard Bank Group equity settled share based scheme. The statement of changes in equity has been restated to reflect an adjustment made to the share option reserve. A review of the share option reserve was conducted during the year to ensure that the reserve only represented active beneficiaries whose benefits had not yet vested. In accordance with the Bank's and Group's accounting policy, the reserves relating to the vested/settled benefits have been transferred to retained earnings, retrospectively.

The adjustment on share option reserves for the year is a credit of £295,000 (2013: charge of £242,000). The amount included in reserves relating to share option reserves is £1,164,000 (2013 as restated: £1,459,000).

Financial Review (continued)

for the year ended 31 December 2014

Sub-participated loans

The banks within the group may sub-participate loans to their fellow subsidiaries (the “host bank”) as part of their capital and liquidity management. The loan participation agreement entails full payment by the host bank of the sub-participated loan principal amount to the originating bank. The originating bank assumes an obligation to pay all cash flows received from the sub-participated loans, in full and without material delay, to the host bank under a “pass through” arrangement, effectively transferring substantially all risk and rewards of the loans participated to the host bank. The terms of the agreement provide that the originating bank is not obligated to pay the host bank any amounts that have not been received (for example: in case of customer default). Sub-participated loans are derecognised from the statement of financial position of the originating bank. The host bank recognises the loan and the corresponding income.

The Bank sub-participated loans to Standard Bank Isle of Man Limited, its fellow subsidiary. Total sub-participated loans derecognised in the statement of financial position at 31 December 2014 amounted to £85m (2013: Nil).

Pension scheme de-risking

During the year, the Bank completed an incentive exercise offering enhanced transfer values to the active and deferred membership of both its defined benefit schemes. The Bank met the cost of the enhancement element in each case. The offer window for the incentive exercise closed on 31 March 2014. The Bank recognised a one-off charge of £2.6m as a result of this incentive exercise.

Summary financial statements

for the year ended 31 December 2014

Results for the year ended 31 December 2014

	2014 £'000	2013 £'000
Summary statement of comprehensive income		
Net interest income after impairment charges	14,957	13,471
Other income	17,656	15,275
Expenses	(28,936)	(27,488)
Profit before income tax	3,677	1,258
Income tax	(409)	(30)
Profit for the year from continuing operations	3,268	1,228
Profit for the year from discontinued operations	-	968
Retained profit for the year after tax	<u>3,268</u>	<u>2,196</u>
	2014 £'000	2013 £'000

Summary statement of financial position as at 31 December 2014

Assets		
Loans and advances	1,504,559	1,365,107
Financial assets	314,354	59,103
Other assets	7,284	8,540
Total assets	<u>1,826,197</u>	<u>1,432,750</u>
Liabilities		
Deposits	1,729,109	1,332,121
Financial liabilities	6,856	13,080
Other liabilities and provisions	40,742	39,877
Total liabilities, excluding shareholders' funds	<u>1,776,707</u>	<u>1,385,078</u>
Equity shareholders' funds	49,490	47,672
Total liabilities and shareholders' fund	<u>1,826,197</u>	<u>1,432,750</u>

Contacts

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Jersey

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