



Standard
Bank
Jersey Limited
Summary Financial Statements 2015

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Officers of the Company

Directors

S I M Braudo (Chairman)
C A Broadley
J G Davies
J C N Peake
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 2015. It is a summary of information contained in the Bank's audited financial statements for the year ended 31 December 2015, as approved by the Board of Directors on 1 March 2016. 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 2015

Performance commentary

The Bank's financial performance has shown positive growth in 2015. The Bank's headline earnings increased from £3.3m in prior year to £6.5m. Revenues increased on prior year as a result of the growth in the balance sheet with net interest income showing an increase to £16m from prior year's £15m. A significant improvement in banking revenues predominantly from foreign exchange and banking fees also contributed to this growth. Banking revenues increased by £1.9m from prior year. The Bank's balance sheet continued to show a significant growth with client deposits closing at £2b (2014: £1.7b), representing a 18% increase. Loans and advances to customers increased to £370m (2014: £309m), which includes £49m of loans sub-participated to a fellow subsidiary, Standard Bank Isle of Man Limited.

Personnel expenses of £16.5m decreased by 16% from prior year (2014: £19.7m). This significant decrease was mainly due to an exceptional charge of £2.6m in 2014 related to the pension scheme de-risking exercise. Cost control measures continued to be one of the focus areas and has positively contributed to the increase in headline earnings. The Bank's normalised cost to income ratio of 81% was slightly below 82% in prior year as a result of this.

The return on equity of 12% year on year is on the right trajectory to achieve our targets over the next 3 years. The Bank's risk asset ratio ("RAR") closed at 13.11% (2014: 13.98%) compared to the regulatory minimum requirement of 11%, and prior to capitalising the profits for 2015.

The Bank continued to grow its loan portfolio during the year, without an undue increase in risk. The loan loss provision remained insignificant. Looking forward, the Bank's growth and success looks positive and well aligned with the Group's client proposition. The loan and deposit pipelines continue to show a healthy outlook.

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 2015 amounted to £49m (2014: £85m).

Pension scheme de-risking

In 2014, 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 in prior year as a result of this incentive exercise. As a result of the offer, the potential cost of providing benefits to members was substantially reduced.

Summary Financial Statements

for the year ended 31 December 2015

	2015 £'000	2014 £'000
Summary statement of comprehensive income		
Net interest income after impairment charges	16,012	14,957
Other income	20,132	17,656
Expenses	(29,018)	(28,936)
Profit before income tax	7,126	3,677
Income tax	(594)	(409)
Retained profit for the year after tax	6,532	3,268
	2015 £'000	2014 £'000
Summary statement of financial position as at 31 December 2015		
Assets		
Loans and advances	1,724,691	1,504,559
Financial assets	320,802	314,354
Other assets	8,682	7,284
Total assets	2,054,175	1,826,197
Liabilities		
Deposits	1,956,907	1,729,109
Financial liabilities	2,225	6,856
Other liabilities and provisions	39,027	40,742
Total liabilities, excluding shareholders' funds	1,998,159	1,776,707
Equity shareholders' funds	56,016	49,490
Total liabilities and shareholders' funds	2,054,175	1,826,197

Contacts

Standard Bank Jersey Limited

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