

Fairbairn Private Bank Limited

Abridged consolidated financial statements

For the year ended 31 December 2010

Fairbairn Private Bank Limited

<i>Contents</i>	<i>Page</i>
Directors and officers	1
Directors' report	2
Report of the Independent Auditors	3 and 4
Abridged Consolidated statement of financial position	5
Abridged Company statement of financial position	6
Notes to the abridged consolidated financial statements	7 to 9

Fairbairn Private Bank Limited

(Incorporated in Jersey, Channel Islands)

Directors and officers

J C Averty
T A Boardman
G Cookman (resigned 20 July 2010)
A G K Hamilton
G J Horton
N M E James
T D Mackay
D Macready
D M Stearn
E Kanagasabapathy (appointed 28 February 2011)

Secretary

N M E James

Registered office

31 The Esplanade
St Helier
Jersey
Channel Islands

Auditors

KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

Fairbairn Private Bank Limited

Directors' report

The Directors submit their report and the abridged consolidated financial statements for the year ended 31 December 2010.

Format

The information contained within these abridged financial statements has been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the Banking Business (Jersey) Law 1991. Additional information to allow for a full understanding of the results of the Group and state of affairs of the Group and Company, has been submitted to the Finance and Economics Committee of the States of Jersey as required by the Banking Business (Jersey) Law 1991. In accordance with the Banking Business (General Provisions) (Amendment) (Jersey) Order 1994, Fairbairn Private Bank Limited has decided to adopt the summarised form of financial statements for publication on its website.

Principal activities

Fairbairn Private Bank Limited ('The Company') is a licensed bank domiciled in Jersey. The Company is licensed by the Jersey Financial Supervision Commission to carry on the business of banking in all its aspects including the management of clients' investments and the acceptance of sterling and foreign currency time deposits. Trustee and company administration services are also provided through the Company's wholly owned subsidiaries, Fairbairn Trust Limited, Fairbairn Corporate Services Limited and Fairbairn Fiduciary Services Limited.

Results

The retained profit for the year after tax amounted to £5,549,000 (2009: £6,456,000) which has been carried forward to revenue reserves.

Dividend

A dividend of £6,500,000 (2009: £4,000,000) was paid during the year.

Going concern

The Directors are of the opinion that the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

Directors

The present Board and those Directors who served during the year are shown on page 1.

Auditors

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office in accordance with article 109 of the Companies (Jersey) Law 1991.

By order of the Board

NME James

Secretary

31 The Esplanade
St Helier
Jersey
Channel Islands



Statement of the independent auditors to the member of Fairbairn Private Bank Limited

Pursuant to the Banking Business (General Provisions) (Jersey) Order 2002

We have examined the abridged financial statements for the year ended 31 December 2010 set out on pages 5 to 8.

This statement is made solely to the Company's member, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our work has been undertaken so that we might state to the Company's member those matters we are required to state to them in a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the abridged financial statements in accordance with applicable Jersey law. Our responsibility is to report to you our opinion on the consistency of the abridged financial statements with the full annual financial statements and Directors' Report and their compliance with the relevant requirements of the Banking Business (General Provisions) (Jersey) Order 2002 and guidance notes issued by the Jersey Financial Services Commission, applicable to the abridged financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 "The auditor's statement on the summary financial statements in the United Kingdom" issued by the Auditing Practices Board. Our report on the Company's full annual financial statements describes the basis of our audit opinion on those financial statements and Directors' Report. Our reports on the full annual financial statements and Directors' Report contained therein were unqualified.



Statement of the independent auditors to the member of Fairbairn Private Bank Limited (continued)

Opinion

In our opinion the abridged financial statements are consistent with the full annual financial statements and Director's report of Fairbairn Private Bank Limited for the year ended 31 December 2010 and comply with the requirements of the Banking Business (General Provisions) (Jersey) Order 2002 and guidance notes issued by the Jersey Financial Services Commission, applicable to the abridged financial statements.

**M R Kelly
for and behalf of KPMG Audit LLC**

29 March 2011

Chartered Accountants

Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

Note: The maintenance and integrity of the Fairbairn Private Bank 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 financial statements or audit report since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fairbairn Private Bank Limited

Abridged consolidated statement of financial position as at 31 December 2010

	<i>Notes</i>	2010	2009
		£'000	£'000
Assets			
Money market assets		558,090	625,991
Loans and advances to customers		270,827	265,009
Loans and advances to group undertakings		88,378	71,194
Property and equipment		413	628
Other assets		5,291	4,251
		<hr/>	<hr/>
Total assets		922,999	967,073
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Deposits from customers		855,620	896,287
Other liabilities		9,718	12,478
		<hr/>	<hr/>
Total liabilities		865,338	908,765
		<hr/>	<hr/>
Shareholder's equity			
Paid up and issued share capital		400	400
Share premium		5,600	5,600
Reserves		2,991	2,687
Retained earnings		48,670	49,621
		<hr/>	<hr/>
Total shareholder's equity		57,661	58,308
		<hr/>	<hr/>
Total liabilities and shareholder's equity		922,999	967,073
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 9 form part of these abridged financial statements.

These abridged financial statements were approved by the Board of Directors on 17 March 2011 and were signed on their behalf by:

G J Horton
Director

N M E James
Director

Fairbairn Private Bank Limited

Abridged company statement of financial position as at 31 December 2010

	<i>Notes</i>	2010	2009
		£'000	£'000
Assets			
Money market assets		273,811	308,348
Loans and advances to customers		106,508	68,687
Loans and advances to group undertakings		73,436	58,850
Property and equipment		186	327
Other assets		2,147	1,604
Investments in subsidiaries		3,050	3,050
Total assets		459,138	440,866
Liabilities			
Deposits from customers		430,652	412,354
Other liabilities		4,263	5,179
Total liabilities		434,915	417,533
Shareholder's equity			
Paid up and issued share capital		400	400
Share premium		5,600	5,600
Reserves		5,408	5,253
Retained earnings		12,815	12,080
Total shareholder's equity		24,223	23,333
Total liabilities and shareholder's equity		459,138	440,866

The notes on pages 7 to 9 form part of these abridged financial statements.

These abridged financial statements were approved by the Board of Directors on 17 March 2011 and were signed on their behalf by:

G J Horton
Director

N M E James
Director

Fairbairn Private Bank Limited

Notes to the abridged consolidated financial statements

(forming part of the abridged consolidated financial statements for the year ended 31 December 2010)

1 Basis of preparation

These abridged financial statements are derived from the audited annual financial statements of the Company for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

2 Accounting policies

These abridged financial statements incorporate accounting policies that are consistent with those adopted in the Company's annual financial statements and with those of previous years.

3 Contingent liabilities and commitments

a) Commitments

The Group has no capital commitments at 31 December 2010 (2009: £Nil).

There are commitments outstanding that have been entered into during the normal course of business. These comprise unutilised client loan facilities of £17,892,000 for the Group (2009: £20,216,000), which includes £11,637,000 for the Company (2009: £12,864,000).

b) Contingent liabilities

The Group has issued guarantees of £2,753,000 (2009: £3,668,000) during the year.

There are commitments under non-cancellable operating leases as follows:

	Land and Buildings			
	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Operating lease commitments:				
Within one year	483	445	187	169
Between two and five years	1,936	1,780	750	676
Greater than five years	1,452	1,780	563	676
	<u>3,871</u>	<u>4,005</u>	<u>1,500</u>	<u>1,521</u>

Fairbairn Private Bank Limited

Notes to the abridged consolidated financial statements (continued)

(forming part of the abridged consolidated financial statements for the year ended 31 December 2010)

3 Contingent liabilities and commitments (continued)

The Company's subsidiary, Fairbairn Private Bank (IOM) Limited, is licensed by the Isle of Man Financial Supervision Commission ("IOMFSC") to conduct deposit-taking activities. All retail deposit-taking institutions in the Isle of Man are members of the statutory Isle of Man Depositors' Compensation Scheme under the Compensation of Depositors Regulations 2008 as amended by the Compensation of Depositors (Amendment) Regulations 2008 ("the Scheme").

The Scheme provides compensation to a maximum of 100% of the first £50,000 or currency equivalent of individual depositors and £20,000 in any other case, subject to a maximum of £200,000,000 for all participants, in the event of the failure of a participant institution to meet its obligations to depositors.

Such a failure triggers the payment of a levy by each participant calculated at 0.125% of average deposit liabilities over such period preceding the levying of the contribution as deemed appropriate by the Scheme Manager, with a minimum annual contribution of £35,000 and a maximum annual contribution of £350,000.

On 8 October 2008, the banking licence granted to Kaupthing Singer and Friedlander (Isle of Man) Limited ("Kaupthing S&F") was suspended and on 27 May 2009 Kaupthing S&F was placed into liquidation, thus triggering the provisions of the Scheme.

During the year Fairbairn Private Bank (IOM) Limited paid a contribution of £350,000 (2009: £350,000) to the Scheme and holds a further provision of £350,000 in respect of estimated future contributions to the Scheme which may be required.

During 2009, the Company received the sum of £246,000 being the return to the Company of contributions made in relation to the collapse of Bank of Credit and Commerce International SA and in respect of which the Company had contributed to the original Depositors' Compensation Scheme in 1991 and 1993.

4 Investments in subsidiaries

Name	Activity	Holding	Place of incorporation	Cost £'000
Direct subsidiaries				
Fairbairn Private Bank (IOM) Limited	Banking & asset management	100%	Isle of Man	3,000
Fairbairn Corporate Services Limited	Corporate services	100%	Jersey	0.1
Fairbairn Nominees (Jersey) Limited	Nominee	100%	Jersey	0.1
Fairbairn Trust Limited	Trust	100%	Jersey	25
Fairbairn Fiduciary Services Limited	Trust	100%	Jersey	25
Indirect subsidiaries				
Fairbairn Nominees (IOM) Limited	Nominee	100%	Isle of Man	2
Fairbairn Trust (IOM) Limited	Trust (Dormant)	100%	Isle of Man	500
Fairbairn Nominees (UK) Limited	Nominee	100%	Isle of Man	2

Fairbairn Private Bank Limited

Notes to the abridged consolidated financial statements (continued)

(forming part of the abridged consolidated financial statements for the year ended 31 December 2010)

5 Ultimate holding company

As at 31 December 2010 Fairbairn Private Bank Limited was a subsidiary of Nedgroup International Holdings Limited which is incorporated in the Isle of Man. The ultimate holding company and controlling party is Old Mutual plc, which is incorporated in England and Wales.

6 Audited financial statements

A copy of the full audited financial statements is available on request at the Company's registered office.