

Leopold Joseph Holdings Limited

Directors' Report and Financial Statements

31 December 2012

Company No 766959

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LEOPOLD JOSEPH HOLDINGS LIMITED

31 DECEMBER 2012

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LEOPOLD JOSEPH HOLDINGS LIMITED

31 DECEMBER 2012

Directors and Advisors

Directors

Raymond Sykes
Nigel Buchanan
John Wright

Registered Office

99 Gresham Street
London
EC2V 7NG

Telephone 020 7776 6700
Facsimile 020 7776 6701

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

LEOPOLD JOSEPH HOLDINGS LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2012

The Directors submit their report and the audited Financial Statements for Leopold Joseph Holdings Limited ("the company") for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The company is an investment holding company and the parent company of a private banking firm registered in the United Kingdom, Butterfield Bank (UK) Limited, whose principal activities are banking, treasury and investment management. The ultimate parent company is The Bank of N T Butterfield & Son Limited ("the parent bank"), a company incorporated in Bermuda (see Note 10)

The company is registered in the United Kingdom (Companies House reference number 766959). The principal place of business is London.

BUSINESS REVIEW

Results and Financial Position

The profit for the financial year, set out on page 7, was £9,000 (2011: £3,000)

The Directors do not recommend the payment of a dividend for the year (2011: £Nil)

The Directors consider the financial position of the company at the year end to be satisfactory.

The Bank of N T Butterfield & Son Limited

The Bank of N T Butterfield & Son Limited continues to maintain a strong capital position relative to industry practice. At 31 December 2012, The Bank of N T Butterfield & Son Limited had a total capital ratio of 24.2% and a Tier 1 capital ratio of 18.5%, well in excess of regulatory minimums. Its ratio of tangible common equity to tangible assets of 7.2% and tangible total equity ratio of 9.3% reflect the strength of the balance sheet.

Despite the protracted global economic slowdown, Butterfield's core customer deposits remained stable.

The Bank of N T Butterfield & Son Limited's liquidity also remains strong, with 51.5% or \$4.6 billion of total assets held in cash, cash equivalents, short-term and long-term investments. The Butterfield Group does not rely on inter-bank borrowing or other wholesale borrowing to fund its balance sheet.

The Directors of the company remain confident in the overall strength and financial support of the Butterfield Group.

Future Developments

The company is non-trading and the Directors do not see any change to this status in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES, KEY PERFORMANCE INDICATORS

Financial Risk Management

The oversight of the business risks affecting the company and the financial risk management techniques are managed by the Directors, in close consultation with Butterfield Bank (UK) Limited as part of their risk management activities for the UK group of companies, which includes Leopold Joseph Holdings Limited.

All information relating to Principal Risks and Uncertainties and Key Performance Indicators, where relevant, is dealt within the Financial Statements of the ultimate parent company, The Bank of N T Butterfield & Son Limited.

LEOPOLD JOSEPH HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

for the year ended 31 December 2012

DIRECTORS

The Directors of the company who were in office during the year and up to the date of signing the Financial Statements, except where stated, were,

Nigel Buchanan
Brad Kopp (resigned 31 August 2012)
Raymond Sykes
John Wright

The company maintained directors' and officers' liability insurance during the year and to the date of signing the Financial Statements

COMPANY SECRETARY

The company has decided to dispense with the need to appoint a Company Secretary as allowed by Section 270 of the Companies Act 2006

CHARITABLE AND POLITICAL DONATIONS

During the year charitable donations amounted to £Nil (31 December 2011 £Nil)

No political donations were made in the year (31 December 2011 £Nil)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, the Directors' Report shall include a statement, in the case of each Director in office at the date of the Directors' Report is approved that

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board



Raymond Sykes
Director
6 March 2013

LEOPOLD JOSEPH HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



Raymond Sykes
Director
6 March 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEOPOLD JOSEPH HOLDINGS LIMITED

We have audited the Financial Statements of Leopold Joseph Holdings Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

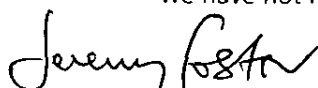
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by us, or
- the Financial Statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Jeremy Foster (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 March 2013

LEOPOLD JOSEPH HOLDINGS LIMITED

PROFIT and LOSS ACCOUNT for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Interest receivable and similar income		3	3
Profit on ordinary activities before taxation	3	3	3
Tax on profit on ordinary activities	5	6	-
Profit for the financial year		9	3

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year and their historical cost equivalents for either financial year

All income and profits are in respect of continuing operations

All recognised gains and losses have been included in the profit and loss account

The notes on pages 10 to 13 form part of these Financial Statements

LEOPOLD JOSEPH HOLDINGS LIMITED

BALANCE SHEET
at 31 December 2012

	Notes	31 Dec 2012 £000	31 Dec 2011 £000
Fixed Assets			
Investments	6	43,610	43,610
Current Assets			
Amounts owed by group undertakings	7	1,111	1,103
Creditors - amounts falling due within one year		(9)	(10)
Net current assets		1,102	1,093
Total assets less current liabilities		44,712	44,703
Capital and Reserves			
Called up share capital	8	29,742	29,742
Share premium account	9	14,662	14,662
Profit and loss account	9	308	299
Total shareholders' funds		44,712	44,703

The notes on pages 10 to 13 form part of these Financial Statements

Approved by the Board on 6 March 2013, and signed on its behalf on 6 March 2013 by



Raymond Sykes
Director

LEOPOLD JOSEPH HOLDINGS LIMITED
STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
At 1 January		44,703	44,700
Profit for the financial year	8	9	3
At 31 December		44,712	44,703

The notes on pages 10 to 13 form part of these Financial Statements

LEOPOLD JOSEPH HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 December 2012

1 Accounting policies

(a) Basis of presentation

The Financial Statements have been prepared under the historical cost convention and in accordance with Section 395 of the Companies Act 2006 and applicable Accounting Standards in the United Kingdom

The Financial Statements have been prepared on a going concern basis

The company is a wholly owned subsidiary undertaking of The Bank of N T Butterfield & Son Limited and has taken advantage of the provisions of Section 401 of the Companies Act 2006 exempting the company from the requirement to prepare consolidated financial statements. The company's Financial Statements are included in the full consolidation prepared by The Bank of N T Butterfield & Son Limited

(b) Fixed asset investments

Fixed asset investments are stated at cost less provisions for permanent diminution in value

(c) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the spot rates ruling on the balance sheet date. Non monetary assets and liabilities are stated at the rate of exchange ruling at the date of the transaction. Forward foreign exchange contracts have been valued at the appropriate forward rates. Gains and losses arising have been recognised in the profit and loss account. Foreign currency transactions are translated at the average rates of exchange prevailing throughout the year

(d) Current and deferred taxation

Provision is made for taxation at current rates on the taxable profits. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is not a commitment to sell the asset or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

(e) Income recognition

Interest receivable and interest payable are recognised on an accruals basis

(f) Related party transactions

The company is exempt under Financial Reporting Standard ("FRS") 8 'Related Party Disclosures' from the disclosure of transactions with other group entities or investees of the group qualifying as related parties as the consolidated financial statements of The Bank of N T Butterfield & Son Limited are publicly available

2 Cash flow statement

The company as a wholly owned subsidiary undertaking is included in the consolidated Financial Statements of its ultimate parent, The Bank of N T Butterfield & Son Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'

LEOPOLD JOSEPH HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 December 2012

3 Profit on ordinary activities before taxation

Audit fees arising from the audit of the company and auditors' remuneration for non audit work are incorporated into the audit fees payable by Butterfield Bank (UK) Limited, a subsidiary undertaking, and no recharge is made to the company

The audit fees in 2012 were £4,000 (2011 £5,000) for the company and £195,000 (2011 £176,000) for its subsidiary undertakings

The Auditors' remuneration for non audit work in the subsidiary undertakings was £69,000 (2011 £63,000) for services relating to taxation work and £83,000 (2011 £63,000) for all other services

4 Directors and Employees

The company employed no staff during the year (2011 none)

All emoluments are paid by Butterfield Bank (UK) Limited and no amounts are recharged to the company

5 Tax on profit on ordinary activities

	2012 £000	2011 £000
Credit for the year	6	-
Reconciliation to tax credit	2012 £000	2011 £000
Profit on ordinary activities before taxation	3	3
Standard tax rate in UK of 24.5% (2011 26.5%)	(1)	(1)
Prior year adjustment	7	1
Total current tax credit for the year	6	-

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profit for year is at the weighted average Corporation Tax rate of 24.5%, being 26% for the three months to March 2012 and 24% for the nine months to December 2012.

LEOPOLD JOSEPH HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 December 2012

6 Fixed asset investments

Incorporated in the UK, registered and operating in England and Wales

		Percentage of ordinary shares and voting rights held by company	
		31 Dec 2012	31 Dec 2011
		%	%
Held by the company			
Butterfield Bank (UK) Limited	<i>Private bankers</i>	100	100
		2012	2011
		£000	£000
Company Investment in group undertakings			
Cost as at 1 January		43,610	43,610
Issued and fully paid in the year		-	-
Cost and net book value as at 31 December		43,610	43,610

In the Directors' opinion, the value of shares in subsidiary undertakings is not less than the amounts at which those assets are stated in the company's balance sheet

7 Amounts owed by group undertakings

	31 Dec 2012	31 Dec 2011
	£000	£000
Repayable on demand	1,111	1,103
	1,111	1,103

8 Called up share capital

	2012	2011
	£000	£000
Authorised Ordinary shares of £1 each		
At 1 January	35,000	35,000
At 31 December	35,000	35,000
Allotted, issued and fully paid		
At 1 January	29,742	29,742
At 31 December	29,742	29,742

LEOPOLD JOSEPH HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 December 2012

9 Reserves

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2012	29,742	14,662	299	44,703
Profit for the financial year	-	-	9	9
At 31 December 2012	29,742	14,662	308	44,712

10 Ultimate parent company and controlling party

As at 31 December 2012 the company's ultimate parent company and controlling party was The Bank of N T Butterfield & Son Limited, a company incorporated in Bermuda

The Bank of N T Butterfield & Son Limited is the only level of consolidation of the financial statements of Leopold Joseph Holdings Limited

The financial statements of the ultimate parent company may be obtained from Butterfield Bank (UK) Limited, 99 Gresham Street, London EC2V 7NG