



Financial Services Industry – Quarterly Report

Period ended 31st December 2006

This Quarterly Report is produced by Jersey Finance, the representative body for the Financial Services Industry in Jersey. The Report is based upon statistical information collated and prepared by the Jersey Financial Services Commission, supplemented by comments from Jersey Finance.

More detailed statistical information for the quarter is attached in Appendices 1-4.

EXECUTIVE SUMMARY

- Bank deposits grew by £2.1 billion (1.1%) over the last quarter of 2006 to £189.7 billion. This represents an increase of £5.1 billion (2.7%) during the whole of 2006.
- The Net Asset Value (NAV) of Funds under administration in Jersey grew by £9.3 billion (5.5%) during the quarter to reach £179.1 billion. During 2006 the NAV of Funds under administration has risen by £41.7 billion (30.3%).
- The number of Expert Funds increased by 39 (16.5%) and the NAV of Expert Funds grew by £4.1 billion during the quarter. During the whole of 2006 the number of Expert Funds grew by 140 to 274 (104%) and the NAV increased by £15 billion (103%) to £29.5 billion.
- The total value of funds under investment management increased by £3.9 billion (6.7%) to £62.1 billion during the quarter. During 2006 the total value of funds under investment management increased by £12.9 billion (26.2%).

Geoff Cook, Chief Executive of Jersey Finance Limited, commented:

“These are very exciting times for the Finance Industry in Jersey. These latest figures confirm Industry is in good shape and there is a tremendous sense of forward momentum.

Bank deposits grew year on year by £5.1 billion and currently stand at £189.6 billion, the highest amount recorded to date. The 2.7% growth is an impressive number in a hugely competitive market for banking business, especially given the increase in institutional activity, and particularly given the decrease by £4.3 billion recorded in bank deposits in the second quarter of last year. This was primarily the result of a single transaction undertaken by an institution as part of a group re-organisation.

During the whole of 2006 the number of Expert Funds grew by 104% and the NAV increased by £15 billion to £29.5 billion. This spectacular growth of Expert Funds during 2006 demonstrates Jersey’s continued success in attracting alternative investment funds business.

Company formations for the twelve months ending 31st December 2006 were 21.6% up on the same period in 2005. The large increase in formations for 2006 reinforces a clear upward trend in the number of formations since March 2005.

There is no doubt that in the current economic environment there is an abundance of opportunity for Jersey’s Financial Services sector and with a supportive States economic and fiscal policy Jersey is well placed to continue to excel.”

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STATISTICAL INFORMATION

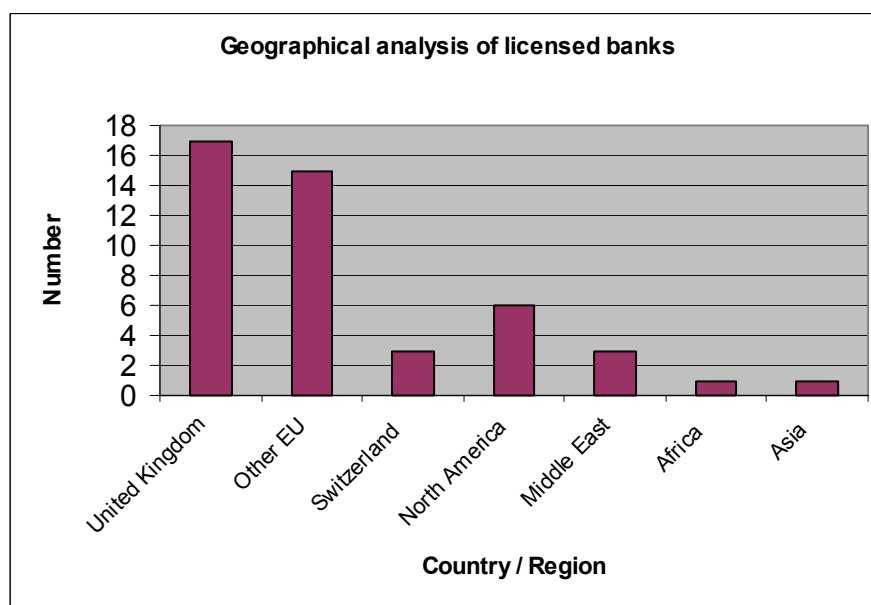
1. Banking Sector

Licensed banks

There were 46 banks registered in Jersey as at 31st December 2006. There was an increase of one in the number of registrations.

The geographical analysis of licensed banks (based on the jurisdiction of the ultimate parent company) is as follows:

Figure 1 – Geographical analysis of licensed banks as at 31st December 2006



Bank Deposits

Bank deposits grew by £2.1 billion (1.1%) over the last quarter of 2006 to £189.7 billion.

Despite the negative effect caused by fluctuations in some of the major currencies, foreign currencies in December increased by £4.9 billion to £129.1 billion.

A more detailed analysis of bank deposits as at 31st December 2006 is included in Appendix 1.

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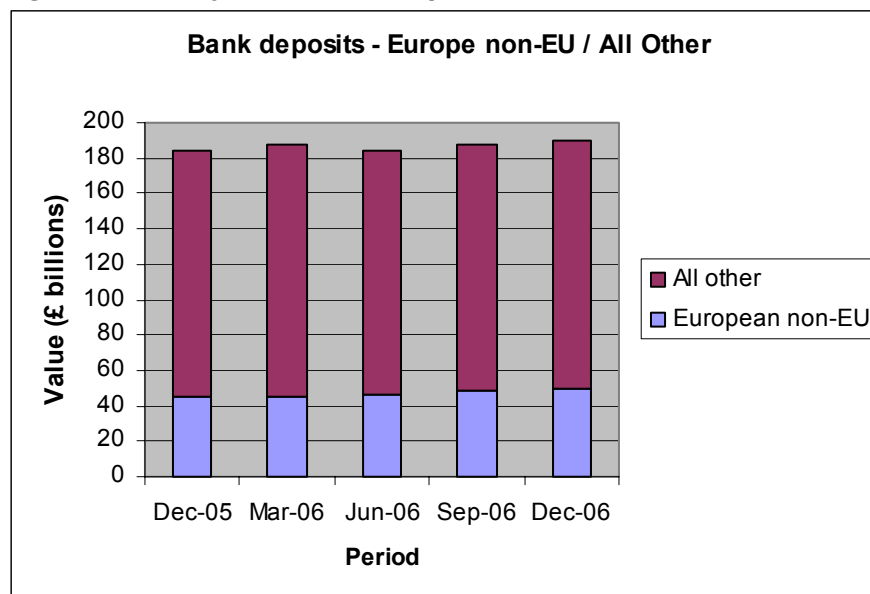
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Figure 2 – Analysis of Bank Deposits as at 31st December 2006 ¹



2. Funds and Fund Management

Introduction

The following data includes both Jersey and non-Jersey domiciled funds administered from within the Island (i.e. for which a functionary permit has been granted under the Collective Investment Funds (Jersey) Law 1988 ('CIF Law')). However, excluded from the analyses are collective investment funds for which the only permit issued under the CIF Law was for the function of distributor or similar minor function. Such funds are regarded as non-Jersey funds.

In addition to regulated funds established under the CIF Law, the data also includes funds established under the Control of Borrowing (Jersey) Order 1958 ('COBO'). COBO funds are private schemes with fewer than 50 offers which do not require a permit under CIF Law, but which do require an initial regulatory consent in the form of a consent granted under COBO.

Key statistics

The total value of funds grew by £9.3 billion (5.5%) during the quarter to reach £179.1 billion.

The total number of funds has climbed by 6.5% to 1,157 funds comprising 2,658 separate investment pools.

The number of Expert Funds increased from 235 to 274 and the NAV of Expert Funds reached £29.5 billion, an increase of 16.2%.

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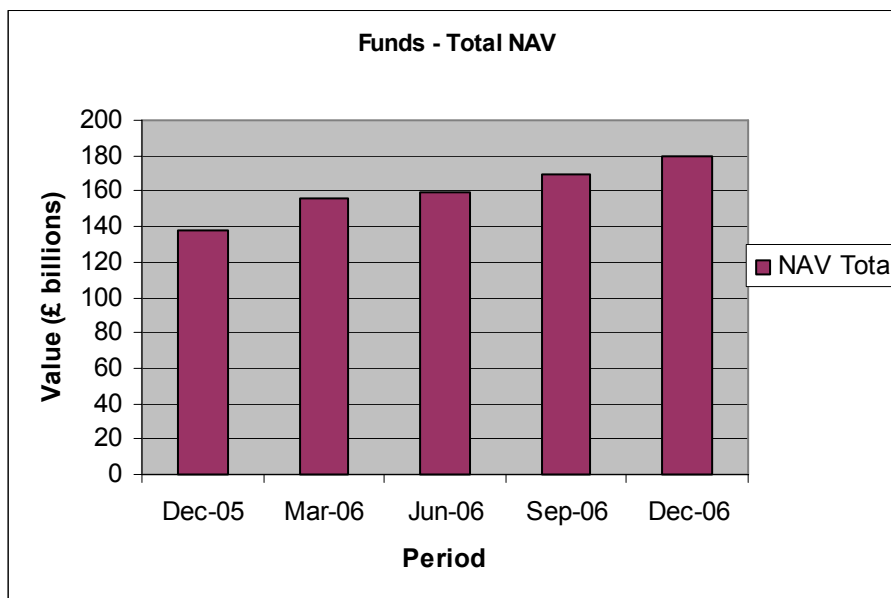
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¹ Deposits are analysed between deposits from 'European non-EU Members' and other deposits. The reason for this split is that 'European non-EU Members' includes a significant element of wholesale fiduciary deposits on which margins are much lower than on other types of deposits.



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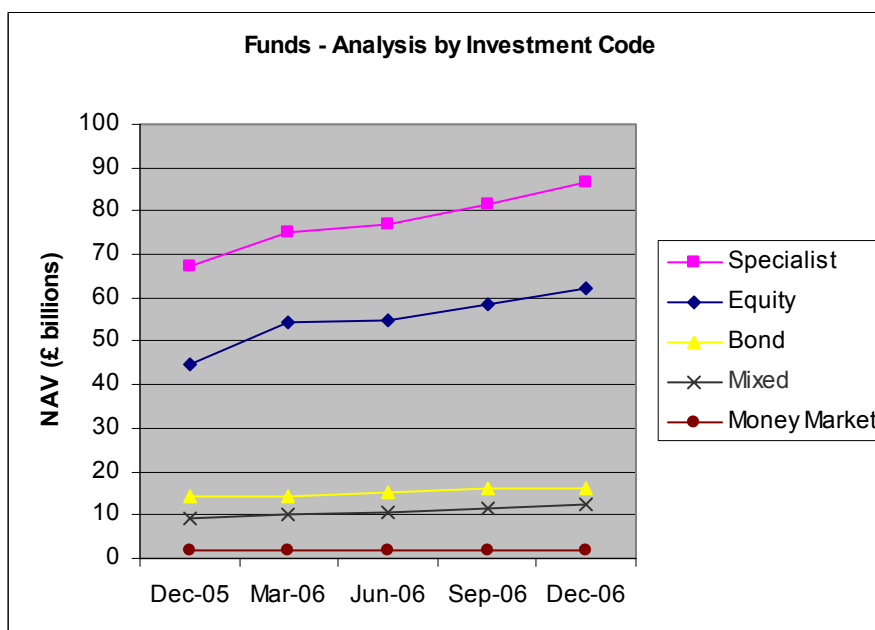
Figure 3 – Net Asset Value – All Funds as at 31st December 2006



Analysis by Investment Policy Code (Asset Class)

The NAV of Specialist Funds stood at £86.4 billion as at 31st December 2006, an increase of 5.7% during the quarter.

Figure 4 – Analysis of Funds by Investment Code as at 31st December 2006



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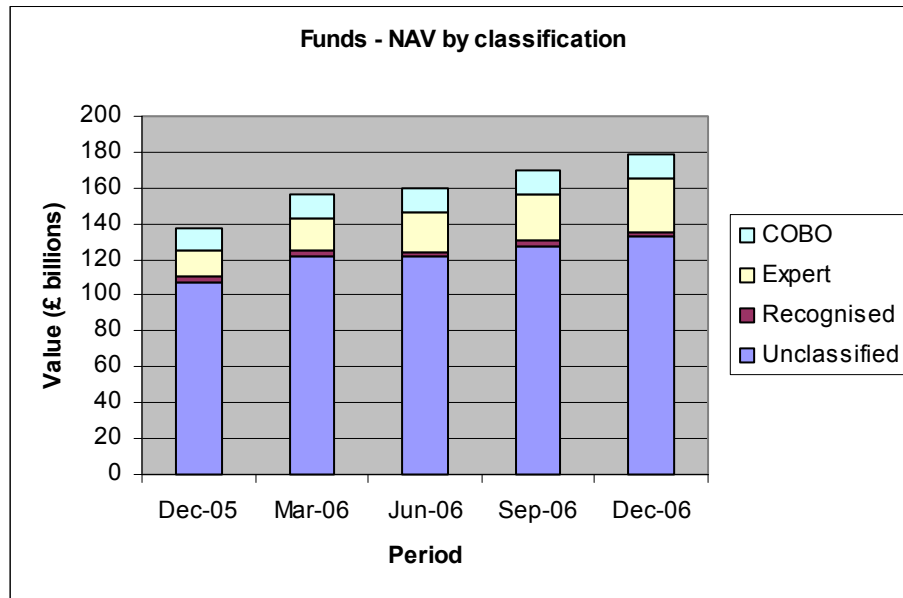
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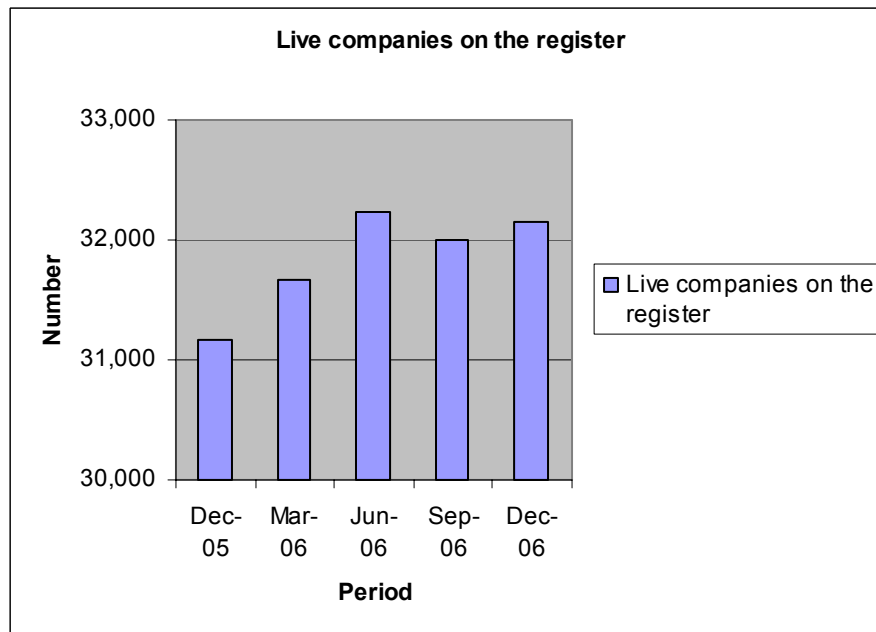
Figure 5 – Analysis of Funds by Classification as at 31st December 2006



3. Company Administration

Company Incorporations – Jersey Companies²

Figure 6 – Live Companies on the register as at 31st December 2006



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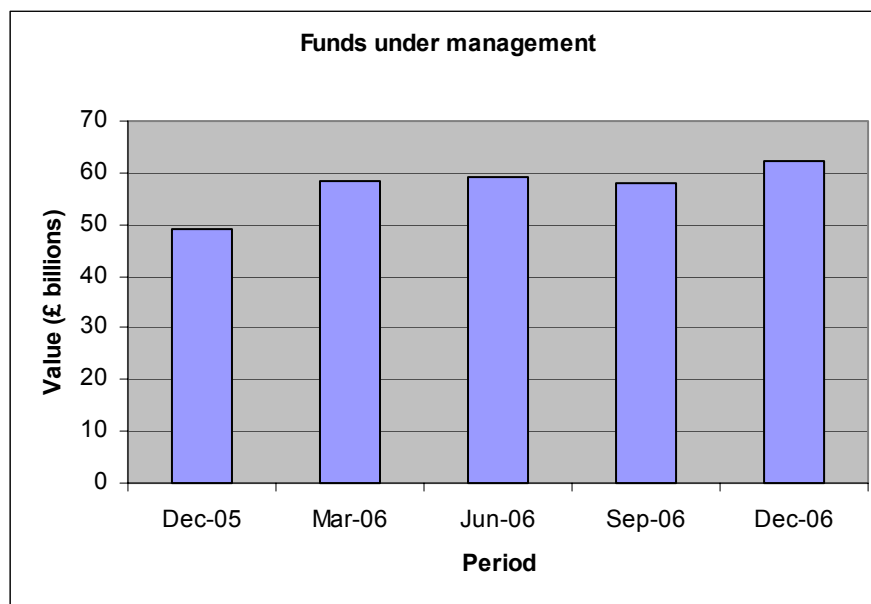
² The figures only refer to Jersey companies and do not include foreign companies formed and/or administered from Jersey.



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4. Investment Business

Fig 7 – Funds under Investment Management as at 31st December 2006



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Appendices – Detailed statistical information for quarter ended 31st December 2006

Appendix 1 - Banking Statistics

(Source: Jersey Financial Services Commission)

Annual growth in Banks and Bank Deposits to date. £ Billions

DATE	NO OF BANKS	STERLING	CURRENCY	TOTAL
31 st Dec 2001	64	44.057	88.116	132.173
31 st Mar 2002	61	43.324	91.716	135.041
30 th Jun 2002	62	43.136	89.307	132.443
30 th Sept 2002	62	43.213	93.269	136.482
31 st Dec 2002	59	47.489	91.840	139.329
31 st Mar 2003	55	47.688	107.931	155.619
30 th Jun 2003	55	47.414	109.008	156.421
30 th Sep 2003	55	47.538	108.256	155.794
31 st Dec 2003	55	47.307	101.945	149.252
31 st Mar 2004	51	49.877	105.821	155.698
30 th Jun 2004	51	49.923	107.717	157.640
30 th Sep 2004	55	50.707	108.464	159.171
31 st Dec 2004	51	51.366	106.783	158.149
31 st Mar 2005	48	52.621	109.580	162.201
30 th June 2005	50	54.003	119.015	173.018
30 th Sep 2005	49	55.189	124.467	179.656
31 st Dec 2005	47	55.280	129.361	184.641
31 st Mar 2006	46	56.991	131.003	187.995
30 th Jun 2006	46	57.694	126.003	183.698
30 th Sep 2006	45	59.275	128.282	187.557
31 st Dec 2006	46	60.609	129.088	189.697

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Analysis of deposits – as at 31st December 2006

(Source: Jersey Financial Services Commission)

ANALYSIS OF DEPOSITS ALL AMOUNTS IN £ THOUSANDS

ANALYSIS OF DEPOSITS – as at 31st December 2006

RESIDENCE OF DEPOSITORS	Sterling	Currency	Total
Jersey Resident Depositors	8,581,845	3,645,785	12,227,630
Jersey Financial Intermediaries etc	5,408,028	5,357,984	10,766,012
U.K., Guernsey & I.O.M. + unallocated Jersey, UK etc	26,487,217	23,970,578	50,457,795
SUBTOTAL	40,477,090	32,974,347	73,451,437
Other EU Members	3,467,797	13,613,229	17,081,026
European Non EU Members	5,534,936	44,608,702	50,143,638
Middle East	1,194,559	10,888,252	12,082,811
Far East	2,528,043	4,925,238	7,453,281
North America	3,088,132	18,419,616	21,507,748
Others, Unallocated non Jersey, UK etc	4,318,896	3,659,016	7,977,912
SUBTOTAL	20,132,363	96,114,053	116,246,416
OVERALL TOTAL OF DEPOSITS	60,609,453	129,088,400	189,697,853

PERCENTAGE OF TOTAL	Sterling	Currency	Total
Jersey Resident Depositors	4.5%	1.9%	6.4%
Jersey Financial Intermediaries etc	2.9%	2.8%	5.7%
U.K., Guernsey & I.O.M. + unallocated Jersey, UK etc	14.0%	12.6%	26.6%
SUBTOTAL	21.4%	17.3%	38.7%
Other EU Members	1.8%	7.2%	9.0%
European Non EU Members	2.9%	23.5%	26.4%
Middle East	0.6%	5.7%	6.4%
Far East	1.3%	2.6%	3.9%
North America	1.6%	9.7%	11.3%
Others, Unallocated non Jersey, UK etc	2.3%	1.9%	4.2%
SUBTOTAL	10.6%	50.7%	61.3%
Total	32.0%	68.0%	

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Appendix 2 – Funds Statistics

(Source: Jersey Financial Services Commission)

COLLECTIVE INVESTMENT FUNDS (JERSEY) LAW 1988 ("CIF LAW")
CONTROL OF BORROWING (JERSEY) ORDER 1958 ("COBO")

SUMMARY OF STATISTICAL SURVEY OF FUNDS SERVICED IN JERSEY AS AT 31st DECEMBER 2006

Excluded from the following figures are collective investment funds for which a permit was issued under the CIF Law for the function of distributor or similar minor function. However, the data does include statistics on private schemes administered in the Island, which, although not requiring a permit under the CIF Law, do require consent under the COBO (such funds are termed "COBO funds"). Funds regulated under the CIF Law are referred to herein as "CIFs".

Date	Total Value £ Million	Number of Funds	Total No. of Separate Pools
31 Dec 2004	104,110	833	2,214
31 Mar 2005	103,871	870	2,289
30 June 2005	112,610	899	2,299
30 Sept 2005	121,953	906	2,358
31 Dec 2005	137,430	965	2,437
31 Mar 2006	155,979	1,010	2,507
30 June 2006	159,658	1,055	2,582
30 Sept 2006	169,806	1,086	2,678
31 Dec 2006	179,111	1,157	2,658

ANALYSIS OF CIFS AND COBO FUNDS

		Total NAV £ millions	Total No of Funds	No of separate pools
31 st Dec 2006	CIFs Closed	52,754	358	443
31 st Dec 2006	CIFs Open	112,484	555	1,945
31 st Dec 2006	CIF Sub total	165,238	913	2,388
31 st Dec 2006	COBO Funds Closed	10,834	202	211
31 st Dec 2006	COBO Fund Open	3,039	42	59
31 st Dec 2006	COBO Sub Total	13,873	244	270
31 st Dec 2006	Quarter Total	179,111	1,157	2,658

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Appendix 2 - Funds Statistics (continued) CIFs AND COBOs BY POLICY CODE

For information in relation to Sales and Repurchases please contact Jersey Finance

Investment Policy	Number of Single Class Funds	Number of Umbrella Sub-funds	NAV £Millions as at 30/09/06	NAV £Millions as at 31/12/06
B01 – Bond – Global	3	63	5,150	4,980
B02 – Bond - UK Debt	3	18	2,051	1,993
B03 – Bond - US Debt	1	16	1,331	1,246
B04 – Bond – Europe	1	25	2,355	2,412
B05 – Bond – Other	5	51	5,210	5,273
Sub Total Bond	13	173	16,097	15,904
E01 – Equity - UK	25	32	8,657	9,425
E02 – Equity - Europe (incl UK)	10	29	5,788	6,241
E03 – Equity – Europe (excl UK)	14	15	4,562	4,737
E04 – Equity - US (North America)	6	34	8,064	7,886
E05 – Equity – Japan	3	14	1,966	1,715
E06 – Equity - Far East (incl Japan)	4	12	646	795
E07 – Equity - Far East (excl Japan)	4	10	951	1,079
E08 – Equity - Global Emerging Markets	6	6	1,081	1,143
E09 – Equity - Global Equity	27	107	13,207	14,676
E1220 – Equity – Other	33	51	13,426	14,714
Sub Total Equity	132	310	58,348	62,411

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X01 - Mixed Equity and Bond	22	206	11,577	12,512
Sub Total Mixed	22	206	11,577	12,512
M01 - Money Market - Sterling	2	13	595	621
M02 - Money Market -US Dollar	1	12	490	482
M03 - Money Market - Euro	0	12	725	557
M04 - Money Market – Swiss \$	0	5	163	149
M05 - Money Market - Other	0	9	65	60
Sub Total Money Market	3	51	2,038	1,869
S01 – Specialist - Venture Capital /Private Equity – EmergingMarkets	29	2	1,296	1,280
S02 – Specialist - Venture Capital /Private Equity – Other	177	8	11,650	11,433
S03 – Specialist - Real Property	119	24	25,759	27,446
S04 – Specialist – Derivatives	9	4	84	92
S05 – Specialist - Traded Endowment Policies	29	27	1,739	1,632
S06 – Specialist - Hedge/Alternative Investment Funds	341	892	35,914	37,763
S07 – Specialist –Other	42	64	5,304	6,769
Sub Total Specialist	747	1,021	81,746	86,415
Grand Total	917	1,761	169,806	179,111

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**COLLECTIVE INVESTMENT FUNDS (JERSEY) LAW 1988 (“CIF LAW”)
CONTROL OF BORROWING (JERSEY) ORDER 1958 (“COBO”)
SUMMARY OF STATISTICAL SURVEY OF FUNDS SERVICED IN JERSEY AS AT 31ST
DECEMBER 2006
Analysis by Class**

Fund Type	Number of Funds	Number of Separate Pools	NAV £ Millions
Unclassified CIFs	630	1,984	132,878
Recognised CIFs	9	54	2,851
Expert CIFs	274	350	29,509
CIFs Sub Total	913	2,388	165,238
COBO Funds	244	270	13,873
CIFs & COBO Funds Total	1,157	2,658	179,111

Appendix 3 – Company Incorporations

QUARTERLY COMPANY INCORPORATIONS				
	31 st March	30 th June	30 th September	31 st December
2002	889	833	623	484
2003	533	442	550	631
2004	606	584	629	620
2005	608	697	714	855
2006	921	875	774	909

LIVE COMPANIES ON THE REGISTER				
	31 st March	30 th June	30 th September	31 st December
2003	32654	32795	33356	31780
2004	31498	31772	32058	30869
2005	31177	31568	31943	31162
2006	31664	32234	31996	32,155

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Appendix 4 – Insurance Business

The number of permits granted under the Insurance Business (Jersey) Law 1996 increased during the quarter, to 175, as follows:

Licence	Q3	Net movement	Q4
Category A	161	+2	163
Category B	12	0	12
Total	173	+2	175

Two new General Insurance Mediation registrations were granted during the quarter. At 31st December 2006 there were 100 registered businesses with a further one being transitional.