

Financial Services Industry – Quarterly Report

Period ended 30th September 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

- The Net Asset Value (NAV) of funds under administration in Jersey grew by £10.1 billion to £169.8 billion.
- The number of Expert Funds established in Jersey increased from 214 to 235. The total NAV of Expert Funds grew by £3.7 billion to £25.3 billion.
- The overall total of bank deposits increased by £3.9 billion to £187.6 billion.
- The total value of funds under investment management decreased by £0.9 billion to £58.2 billion.
- The number of live companies on the register as at 30th September 2006 stood at 31,996 and a total of 774 new companies were incorporated during the third quarter of 2006.

Beverley Le Cuirot, Director of Marketing of Jersey Finance Limited, commented:
“The latest figures are encouraging especially at a time of intense competition within all sectors of the Finance Industry.

“The figures for the funds sector highlight another strong quarter for Specialist Funds administered in Jersey. With the Net Asset Value of Specialist Funds such as Private Equity, Property and Hedge Funds approaching £82 billion and with the number of Expert Funds authorised in Jersey increasing by a further 21 this quarter to 235, Jersey continues to establish itself successfully as a leading European jurisdiction for this type of specialist funds work.

“Whilst the number of banking licences reduced by one during the period, the Banking Sector reported a healthy increase of £3.9 billion to £187.6 billion in banking deposits during the quarter, a positive sign after the fall recorded in the previous quarter.”

STATISTICAL INFORMATION

1. Banking Sector

Licensed banks

There were 45 banks registered in Jersey as at 30th September 2006 (one less than as at June 2006).

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

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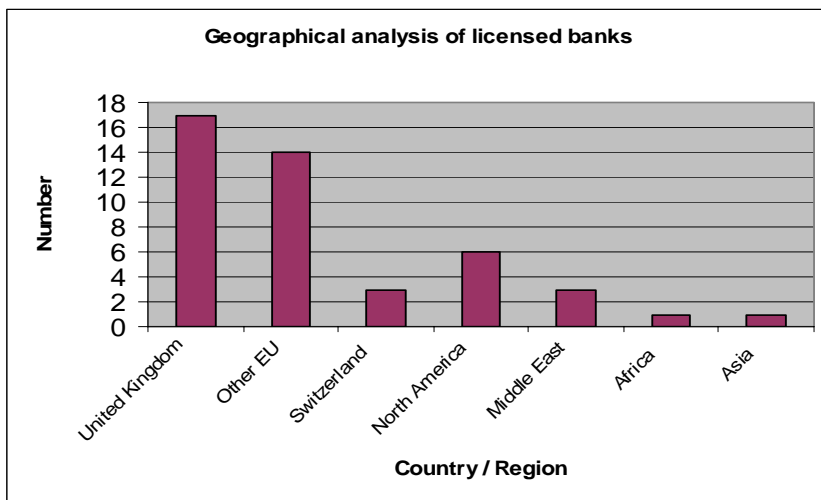
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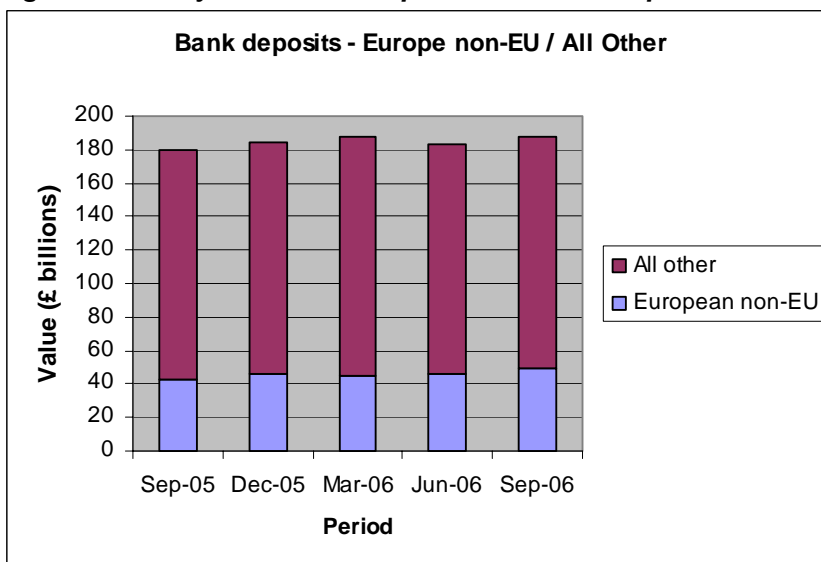
Figure 1 – Geographical analysis of licensed banks as at 30th September 2006



Bank Deposits

The overall total of bank deposits increased by £3.9 billion to £187.6 billion, representing an overall increase of 2.1% over the previous quarter. Movements in the major currencies would have led to a decrease of 1.5% in the sterling value of the currency deposits held in June 2006 but instead there has been an increase of £4.2 billion (3.3%). A more detailed analysis of bank deposits as at 30th September 2006 is included in Appendix 1.

Figure 2 – Analysis of Bank Deposits as at 30th September 2006¹



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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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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.

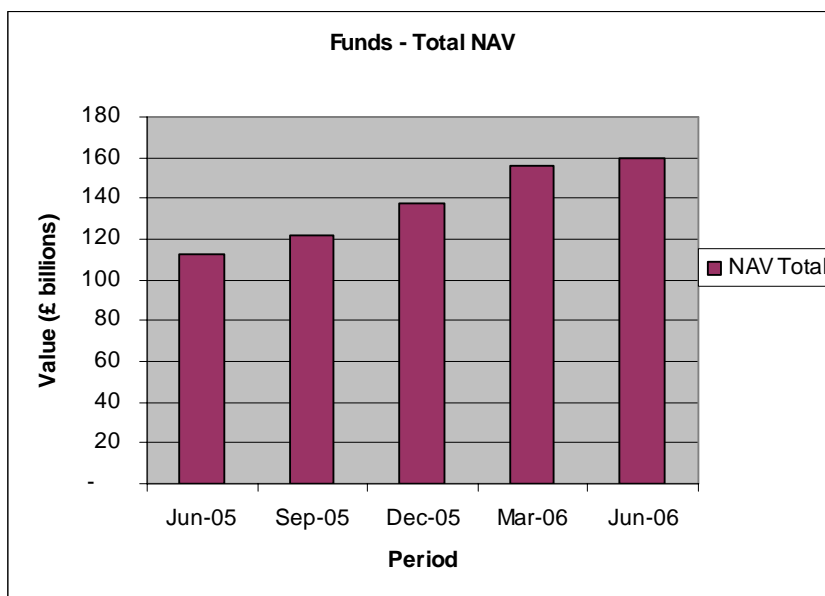
Key statistics

The total value of funds grew by £10.1 billion during the quarter to £169.8 billion.

The total number of funds has climbed by 2.9% to 1,086 funds comprising 2,678 separate investment pools. The growth in the NAV of funds was mainly driven by the increase in the NAV of Specialist and Equity Funds.

The number of Expert Funds increased from 214 to 235 and the NAV of Expert Funds reached £25.4 billion.

Figure 3 – Net Asset Value – All Funds as at 30th September 2006



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Analysis by Investment Policy Code (Asset Class)

During the quarter the NAV of Specialist Funds increased by £4.7 billion. The NAV of Equity Funds grew by £3.7 billion.

Figure 4 – Analysis of Funds by Investment Code as at 30th September 2006

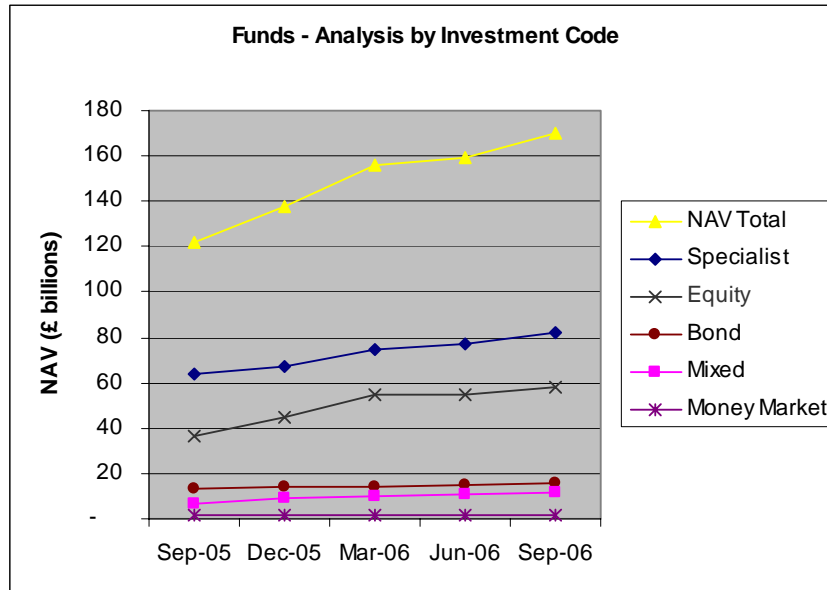
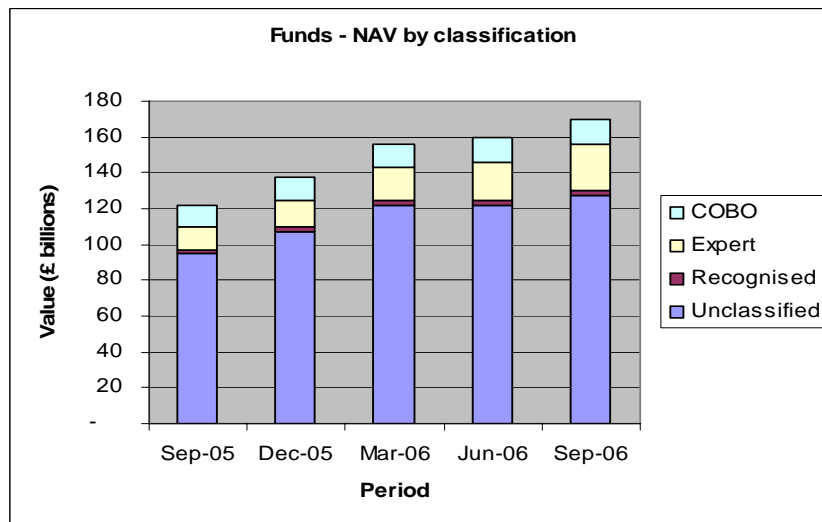


Figure 5 – Analysis of Funds by Classification as at 30th September 2006



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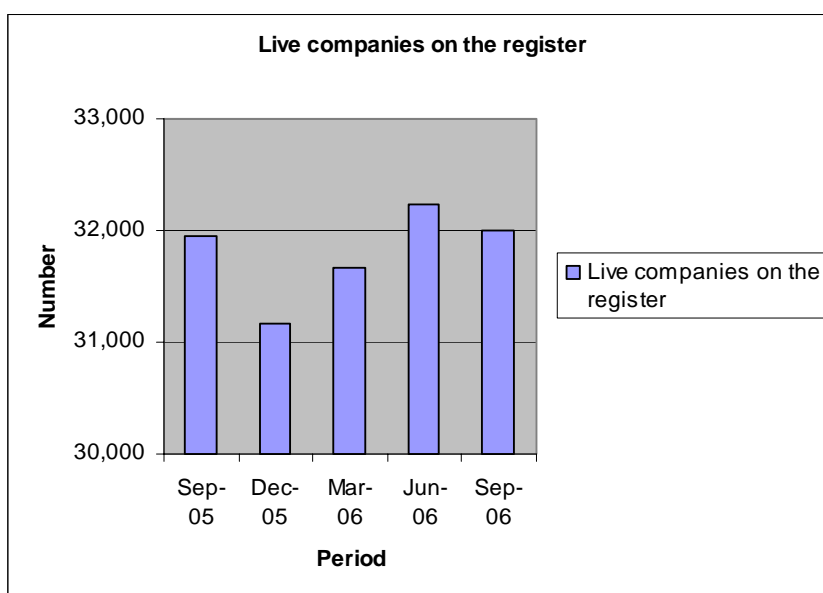
3. Company Administration

Company Incorporations – Jersey Companies²

In total, 774 companies were incorporated in Jersey during the 3rd quarter of 2006.

The total number of live companies on the register decreased from 32,234 to 31,996 over the previous quarter.

Figure 6 – Live Companies on the register as at 30th September 2006



4. Investment Business

Total funds under management (Class B of the Financial Services (Jersey) Law 1998) stood at £58.2 billion as at 30th September 2006.

This represents a slight decrease (-1.52%) over the last quarter figures, with a significant increase over the end September 2005 figures of +34.6%.

The total number of clients of investment managers was 18,931.

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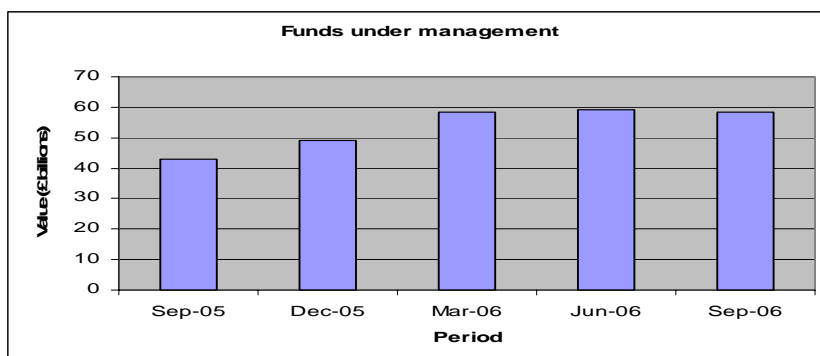
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² The figures only refer to Jersey companies and do not include foreign companies formed and/or administered from Jersey.

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Fig 7 – Funds under Investment Management as at 30th September 2006



5. Commentary and Conclusion

The third quarter of 2006 has been another successful one for the Funds Industry in Jersey with an increase of £10.1 billion in the Net Asset Value of Funds to £169.8 billion.

Whilst the number of banking licences reduced by one during the period, the Banking Sector reported a healthy increase of £3.9 billion to £187.6 billion in banking deposits during the quarter, a positive sign after the fall recorded in the previous quarter.

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Appendices – Detailed statistical information for quarter ended 30th September 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
30 th Sept 2001	70	42.115	86.955	129.069
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

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Analysis of deposits – as at 30th September 2006

(Source: Jersey Financial Services Commission)

ANALYSIS OF DEPOSITS ALL AMOUNTS IN £ THOUSANDS

ANALYSIS OF DEPOSITS – as at 30th September 2006			
RESIDENCE OF DEPOSITORS	Sterling	Currency	Total
Jersey Resident Depositors	8,288,646	2,574,849	10,863,495
Jersey Financial Intermediaries etc	5,113,066	4,980,428	10,093,494
UK, Guernsey & I.O.M. + unallocated Jersey, UK, etc	25,780,410	27,345,866	53,126,276
SUBTOTAL	39,182,122	34,901,143	74,083,265
Other EU Members	4,181,544	13,900,727	18,082,271
European non-EU Members	5,545,054	43,542,527	49,087,581
Middle East	1,157,992	10,443,955	11,601,947
Far East	2,766,554	4,815,963	7,582,517
North America	2,549,451	16,896,430	19,445,881
Others, unallocated non-Jersey, UK, etc	3,892,011	3,781,481	7,673,492
SUBTOTAL	20,092,606	93,381,083	113,473,689

OVERALL TOTAL OF DEPOSITS	59,274,728	128,282,226	187, 556,954
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PERCENTAGE OF TOTAL	Sterling	Currency	Total
Jersey Resident Depositors	4.4%	1.4%	5.8%
Jersey Financial Intermediaries etc	2.7%	2.7%	5.4%
UK, Guernsey & I.O.M. + unallocated Jersey, UK, etc	13.7%	14.6%	28.3%
SUBTOTAL	20.9%	18.6%	39.5%
Other EU Members	2.2%	7.4%	9.6%
European non-EU Members	3.0%	23.2%	26.2%
Middle East	0.6%	5.6%	6.2%
Far East	1.5%	2.6%	4.0%
North America	1.4%	9.0%	10.4%
Others, Unallocated non-Jersey, UK, etc	2.1%	2.0%	4.1%
SUBTOTAL	10.7%	49.8%	60.5%
TOTAL	31.6%	68.4%	

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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 30TH SEPTEMBER 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
30 th Sep 2004	96,883	769	2,208
31 st Dec 2004	104,110	833	2,214
31 st Mar 2005	103,871	870	2,289
30 th Jun 2005	112,610	899	2,299
30 th Sep 2005	121,953	906	2,358
31 st Dec 2005	137,430	965	2,437
31 st Mar 2006	155,979	1,010	2,507
30 th June 2006	159,658	1,055	2,582
30 th Sep 2006	169,806	1,086	2,678

ANALYSIS OF CIFS AND COBO FUNDS

		Total NAV £ millions	Total No of Funds	No of separate pools
30 th Sep 2006	CIFs Closed	49,426	322	409
30 th Sep 2006	CIFs Open	106,454	528	2,008
30th Sep 2006	CIF Sub total	155,880	850	2,417
30 th Sep 2006	COBO Funds Closed	10,778	193	199
30 th Sep 2006	COBO Fund Open	3,148	43	62
30th Sep 2006	COBO Sub Total	13,926	236	261
30th Sep 2006	Quarter Total	169,806	1,086	2,678

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

Investment Policy	Number of Single Class Funds	Number of Umbrella Sub-funds	NAV £Millions as at 30/06/06	NAV £Millions as at 30/09/06
B01 – Bond – Global	3	63	4,967	5,150
B02 – Bond - UK Debt	3	18	2,049	2,051
B03 – Bond - US Debt	1	16	927	1,331
B04 – Bond – Europe	1	25	2,448	2,355
B05 – Bond – Other	5	51	4,748	5,210
Sub Total Bond	13	173	15,139	16,097
E01 – Equity - UK	25	32	8,098	8,657
E02 – Equity - Europe (incl UK)	10	29	5,298	5,788
E03 – Equity – Europe (excl UK)	14	15	3,709	4,562
E04 – Equity - US (North America)	6	34	7,642	8,064
E05 – Equity – Japan	3	14	1,969	1,966
E06 – Equity - Far East (incl Japan)	4	12	675	646
E07 – Equity - Far East (excl Japan)	4	10	931	951
E08 – Equity - Global Emerging Markets	6	6	989	1,081
E09 – Equity - Global Equity	27	107	11,922	13,207
E1220 – Equity – Other	33	51	13,391	13,426
Sub Total Equity	132	310	54,624	58,348

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X01 - Mixed Equity and Bond	22	206	10,825	11,577
Sub Total Mixed	22	206	10,825	11,577
M01 - Money Market - Sterling	2	13	619	595
M02 - Money Market -US Dollar	1	12	490	490
M03 - Money Market - Euro	0	12	723	725
M04 - Money Market – Swiss \$	0	5	167	163
M05 - Money Market - Other	0	9	54	65
Sub Total Money Market	3	51	2,053	2,038
S01 – Specialist - Venture Capital /Private Equity – EmergingMarkets	29	2	1,028	1,296
S02 – Specialist - Venture Capital /Private Equity – Other	177	8	10,692	11,650
S03 – Specialist - Real Property	119	24	23,306	25,759
S04 – Specialist – Derivatives	9	4	129	84
S05 – Specialist - Traded Endowment Policies	29	27	1,525	1,739
S06 – Specialist - Hedge/Alternative Investment Funds	341	892	35,255	35,914
S07 – Specialist –Other	42	64	5,081	5,304
Sub Total Specialist	747	1,021	77,017	81,746
Grand Total	917	1,761	159,658	169,806

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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 30TH
SEPTEMBER 2006
Analysis by Class**

Fund Type	Number of Funds	Number of Separate Pools	NAV £ Millions
Unclassified CIFs	606	2,083	127,729
Recognised CIFs	9	46	2,759
Expert CIFs	235	288	25,392
CIFs Sub Total	850	2,417	155,880
COBO Funds	236	261	13,926
CIFs & COBO Funds Total	1,086	2,678	169,806

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	

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	

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Appendix 4 – Insurance Business

The number of permits granted under the Insurance Business (Jersey) Law 1996 decreased during the quarter, to 173, as follows:

Licence	Q2	Net movement	Q3
Category A	167	-6	161
Category B	15	-3	12
Total	182	-9	173

Eight new General Insurance Mediation registrations were granted during the quarter. As at 30th September 2006 there were 98 registered businesses with a further two being transitional.