

Management Board's report

ECONOMIC SITUATION

The Central Bank of Curaçao & Sint Maarten (CBCS) is predicting a real Gross Domestic Product (GDP) decrease of 1.6% in 2013 as a consequence of the far-reaching measures taken by the Government concerning health and old age insurance schemes as well as income generating and cost reduction measures. Another big challenge facing the Curaçao economy is a deficit of ANG 1.4 billion on the current account of the balance of payments. The good news is that the tempo of the reduction of foreign reserves has slowed down very considerably and is expected to slow down even more.

In order to counter the negative development of the economy it is very important that in the short term some large projects (hospital, hotels, dry dock) start construction while in the longer term Curaçao must become more competitive in its traditional sectors and at the same time develop new foreign exchange (FX) revenues.

In view of the development described above the CBCS has taken the step to extend the credit restrictions allowing only 2% growth in credit extension until August 2013. While the credit freeze may slow down the outflow of foreign reserves it will continue to have a negative impact on the economy as a whole.

SFT Bank is expecting very moderate growth in 2013 as a consequence of the economy as a whole and the credit restrictions in particular.

OPERATIONS

Balance Sheet

During 2012, SFT Bank increased its loans and advances from ANG 253 million to ANG 289 million, while at the same time decreasing the interest bearing securities from ANG 139 million to ANG 360 thousand. Mainly as a result of these changes, total assets declined from ANG 453 million to ANG 419 million.

On the liability side of the balance sheet, the reduction in assets was accompanied by a reduction of funding from ANG 342 million to ANG 330 million as fewer funds were required to support the lower level of assets. Shareholder's equity decreased from ANG 98 million to ANG 79 million as a consequence of dividend payments.

INCOME STATEMENT

As a consequence of the reduction in the loan portfolio mid 2011, interest income decreased substantially from ANG 23.5 million to ANG 19.1 million. Simultaneously, interest expense also declined from ANG 8.4 million to ANG 6.2 million as a result of lower funding, together with lower market interest rates paid on funding. The cumulative effect of these changes resulted in a reduction in interest margin from

ANG 15.1 million to ANG 12.9 million. In 2012 SFT Bank decided to sell our subsidiary, SFT Fund Administration Services N.V. (SFT FAS), in order to focus on our core activities. SFT Bank received ANG 4.3 million from the sale. Commission income decreased from ANG 10.5 million to ANG 7.4 million as a consequence of the sale of SFT Fund Administration. In 2011, SFT Bank realized ANG 59.1 million in profits on the revaluation of shares to fair value as these shares were sold. In 2012 no such extraordinary profit was realized resulting in a decrease in operating income from ANG 85.8 million to ANG 25.4 million.

Personnel expenses decreased from ANG 10.2 million to ANG 8.8 million as a consequence of the sale of SFT FAS. We increased the bad debt provision as some clients are feeling the effects of the stagnating economy. This resulted in an increase in operating expenses from ANG 18.5 million to ANG 22.2 million.

The resulting profit before taxes is ANG 3.1 million for 2012. Taking into account the profit tax benefit of ANG 448 thousand, the net profit is ANG 3,6 million

EMERGENCY MEASURE

The emergency measure installed by the "Centrale Bank van Curaçao en Sint Maarten" hereafter to be referred to as CBCS (formerly the BNA)

for the Company as per July 16, 2001 ended per February 6, 2012 and at that same day a banking license was issued.

OUTLOOK

The Curaçao economy is expected to be in recession in 2013 while a credit restriction will be in effect until August of 2013 allowing growth of only 2% on a yearly basis. As a consequence of the credit freeze and the economic malaise we expect interest income and fees/commissions income to perform lower compared to 2012. As we will do our utmost to realize cost savings, we expect that expenses for the rest of the year will be kept in check.

In view of recent developments we do not expect the number of employees to grow over 2013. We believe firmly that our commitment to providing high quality service and personal attention in commercial banking and mortgages will enable the Bank to continue to prosper.

Management would like to take this opportunity to thank Robert Voges and Charles Rund for their many years of distinguished service as supervisory board members. They stepped down in 2012.

On behalf of the Managing Board of Directors of SFT Bank N.V.

L. RIGAUD M. THIEL

1.1 Consolidated balance sheet as of December 31, 2012

All amounts expressed in thousands of Antillean Guilders

	2012 ANG 000	2011 ANG 000
ASSETS		
Cash and due from banks	118,375	48,840
Investment securities	448	139,318
Loans and advances to customers	289,212	253,053
Bank premises and equipment	7,326	7,665
Deferred tax assets	478	30
Other assets	2,404	2,973
Prepayments and accrued income	565	1,325
Total assets	418,808	453,204
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Customer deposits	329,770	342,032
Due to other banks	591	3,365
Other liabilities	8,188	7,365
Accruals and deferred income	1,526	2,020
Total liabilities	340,075	354,782
STOCKHOLDERS' EQUITY		
Issued capital	4,994	4,994
Share premium	19,935	19,935
Other reserve	11,321	10,591
Retained earnings	42,483	62,902
Total shareholders' equity	78,733	98,422
Minority interest	0	0
Total liabilities and stockholders' equity	418,808	453,204

(After appropriation of results)

1.2 Consolidated income statement for the year ended December 31, 2012

All amounts expressed in thousands of Antillean Guilders

	2012 ANG 000	2011 ANG 000
Interest income	19,109	23,515
Interest expense	6,186	8,367
Net interest income	12,923	15,148
Fee and commission income	5,893	8,646
Foreign exchange income	1,542	1,851
Gain and losses from investment securities	0	59,112
Income from participating interest	4,340	0
Other operating income	672	1,015
Operating income	25,370	85,772
Salaries and other employee expenses	8,791	10,244
Occupancy expenses	999	1,110
Doubtful debt	4,945	(450)
Depreciation	1,083	1,393
Other operating expenses	6,426	6,212
Operating expenses	22,244	18,509
Net result from operations	3,126	67,263
Net result before tax	3,126	67,263
Profit tax benefit/expense	(448)	1,633
Net result after tax	3,574	65,630

1.3 Explanatory notes to the consolidated financial highlights for the year ended December 31, 2012

1.3.1 SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The principal accounting policies adopted in the preparation of these consolidated financial statements of SFT Bank N.V. ('the Bank') are set below. These explanatory notes are an extract of the detailed notes included in the consolidated financial statements and are consistent in all material respects with those from which they have been derived.

BASIS OF PREPARATION

The consolidated financial highlights have been prepared in accordance with the "Provisions for the

Disclosures of Consolidated Financial Highlights of Domestic Banking Institutions" as issued by the Centrale Bank van Curaçao and Sint Maarten. Our financial statements, from which these Consolidated Financial Highlights have been derived, are prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation financial instruments. The accounting policies have been applied consistently during the year. The consolidated financial statements are presented in thousands of Netherlands Antillean Guilders

(ANG) and all values are rounded to the nearest ANG thousand, except when otherwise indicated.

BASIS OF CONSOLIDATION

Subsidiaries are those institutions in which the Bank, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities. As per end of May 2012 SFT FAS was sold to third parties. The Bank together with its subsidiaries is hereafter referred to as 'the Group'.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

1.3.2 INVESTMENT SECURITIES

The Group classifies its investment securities in the following categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and Management determines the classification of its investment securities at initial recognition. Per year-end our investment securities were classified as held to maturity.

Investment held-to-maturity

Held-to-maturity-investments are financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

B. SPECIFICATION OF ACCOUNTS

The specification of accounts is an extract of the most important accounts derived from the consolidated financial statements of SFT Bank N.V.

(All amounts are expressed in thousands of Antillean Guilders) (After appropriation of results)

ASSETS	2012 ANG 000	2011 ANG 000
Investment securities		
Available for sale	0	45,038
Held to maturity	360	94,192
Total investment	360	139,230
Less allowance for losses	0	0
Net investments	360	139,230

1.3.3 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers

Loans and advances originated by the Group include loans where money is provided directly to the borrower. Loans and advances are initially recorded at fair value. Interest on loans originated by the Group is included in interest income and is recognized on an accrual basis. Fees and direct costs relating to loan origination, refinancing or loan

commitments are directly recorded in the statement of comprehensive income due to the short-term nature of the loans. Allowances for credit losses are evaluated at a counterparty-specific level.

	2012 ANG 000	2011 ANG 000
Loans and adv. to customers		
Retail customers	130,778	114,785
Corporate customers	145,408	126,129
Other	23,591	21,255
Total loans and advances	299,777	262,169
Less allowance for loan losses	(10,565)	(9,116)
Net loans and advances	289,212	253,053

1.3.4 CUSTOMERS' DEPOSITS

The funding of the bank consists of entrusted money as demand on deposits and short-time deposits taken from banks. The carrying value approximates fair market value.

LIABILITIES	2012 ANG 000	2011 ANG 000
Customer deposits		
Retail customers	80,796	84,838
Corporate customers	90,657	95,106
Other	158,317	162,088
Total customer deposits	329,770	342,032

EVENTS AFTER THE REPORTING DATE

No events to report.



1.4 Independent auditor's report on Consolidated Financial Highlights of SFT Bank N.V.

The accompanying Consolidated Financial Highlights, which comprise the summary consolidated balance sheet as at December 31, 2012, the summary consolidated income statement and related notes for the year ended December 31, 2012, are derived from the audited financial statements of SFT Bank N.V. for the year ended December 31, 2012.

We expressed an unqualified audit opinion on those financial statements in our report dated April 29, 2013. Those financial statements, and the Consolidated Financial Highlights, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The Consolidated Financial High-

lights do not contain all the disclosures required by the International Financial Reporting Standards as adopted by the European Union. Reading the Consolidated Financial Highlights, therefore, is not a substitute for reading the audited financial statements of SFT Bank N.V.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the Consolidated Financial Highlights on the bases described in Note 1.3.1.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Consolidated Financial Highlights based on our procedures, which were conducted in

accordance with Dutch Law, including the Dutch Standard on Auditing 810 "Engagements to report on summary financial statements".

OPINION

In our opinion, the Consolidated Financial Highlights derived from the audited financial statements of SFT Bank N.V. for the year ended December 31, 2012 are consistent, in all material respects, with those financial statements, in accordance with "Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions" as issued by the Centrale Bank van Curaçao en Sint Maarten.

Amsterdam, April 29, 2013

Deloitte Accountants B. V.

Signed on the original: R.J.M. Maarschalk