

MANAGEMENT REPORT

ECONOMIC SITUATION

According to the Central Bank of Curaçao & Sint Maarten (CBCS), the real Gross Domestic Product (GDP) declined by 0.5% in 2013. Unemployment has grown up to 13% in 2013 notwithstanding substantial growth in the number of jobs. The recession is hurting both companies as well as households and does have a negative effect on the banking sector too.

Another big challenge facing the Curaçao economy is a high deficit on the current account of the balance of payments. The good news is that the deficit is decreasing slowly. In view of the large current account deficit the CBCS has taken the step to extend the credit restrictions till August 2014, allowing a maximum of 4% growth over the period 2012-2014.

In order for the economy to grow it is very important that in the short term some large projects, (hospital, hotels) start construction. It is also important that some companies of strategic importance to Curaçao are able to continue their operations. In the longer term Curaçao must become more competitive in its traditional sectors and at the same time develop new foreign exchange (FX) revenues. It's of the utmost importance that Government works on improving the business climate by striving for a more flexible labor market, less red tape, good infrastructure and, most

importantly, reduce the current crime rate. Further increases in social security and/or taxes, on the other hand, will be very detrimental to the business climate.

BALANCE SHEET

During 2013, SFT Bank saw a moderate increase in its loans and advances from ANG 289 million to ANG 292 million, while at the same time decreasing its due from banks from ANG 115 million to ANG 81 million. Mainly as a result of these changes, the total assets declined from ANG 419 million to ANG 388 million.

On the liability side of the balance sheet, the reduction in assets was accompanied by a reduction of funding from ANG 330 million to ANG 303 million as fewer funds were required to support the lower level of assets.

INCOME STATEMENT

While interest income saw a small decrease, interest expenses decreased substantially as a consequence of maturing term deposits rolling over at lower rates and lower amount of deposits. Interest income decreased slightly from ANG 19.1 million to ANG 19.0 million.

Simultaneously, interest expense declined from ANG 6.2 million to ANG 5.3 million. The cumulative effect of these developments resulted in an increased interest margin from ANG 12.9 million to ANG 13.7 million.

In 2013 SFT Bank did not have significant income from securities and participating interests. Commission income decreased from ANG 7.4 million to ANG 5.2 million as a consequence of reduced commissions due to the sale of SFT FAS.

Because of these developments, total operating income decreased from ANG 25.4 million to ANG 19.9 million.

Personnel expenses decreased from ANG 8.8 million to ANG 6.7 million as we had considerably less personnel on the payroll due to the sale of SFT FAS. In 2013 the bad debt provision at ANG 1.4 million was much reduced in comparison to 2012, with bad debt provision of ANG 4.9 million. Last year the increase in the bad debt provision reflects a higher provision for some corporate customers.

With increased measures to monitor the corporate customers, we were able to reduce the provision. The cumulative effect of these developments resulted in a decrease in operating expenses from ANG 22.2 million to ANG 16.3 million.

The resulting profit before taxes is ANG 3.6 million for 2013. Taking into account the profit tax of ANG 988 thousand, the net profit is ANG 2.6 million.

RISK MANAGEMENT

In view of the stagnant economy and the negative effect on clients SFT Bank is intensifying the risk management in general and with

respect to the credit department in particular. Apart from appointing a risk manager, the bank has introduced new procedures to identify risks and take the necessary actions.

OUTLOOK

The Curaçao economy is expected to come out of recession in 2014. For 2014 the CBCS is predicting a GDP growth of 0.5% and the credit restrictions will not restrict moderate growth of the banking sector. With or without credit restrictions we do not expect interest income and fees & commissions income to increase much in 2014.

We will continue to work on cost savings and expect that expenses for the rest of the year will be in accordance with our expectations. In view of projected investment in a new banking system in the longer term costs are expected to rise.

In view of recent developments we do not expect the number of employees to grow over 2014. 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.

The Managing Board of Directors of SFT Bank N.V.

L. RIGAUD M. THIEL

1.1 Consolidated balance sheet as of December 31, 2013

All amounts expressed in thousands of Antillean Guilders

	2013 ANG 000	2012 ANG 000
ASSETS		
Cash and due from banks	84,353	118,375
Investment securities	210	448
Loans and advances to customers	292,386	289,212
Bank premises and equipment	7,006	6,708
Goodwill and other intangible assets	782	618
Deferred tax assets	0	478
Other assets	3,298	2,969
Total assets	388,035	418,808
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Customer deposits	302,948	329,770
Due to other banks	258	591
Profit tax payable	510	0
Other liabilities	11,931	9,714
	315,647	340,075
STOCKHOLDERS' EQUITY		
Issued capital	4,994	4,994
Share premium	19,935	19,935
Other reserve	10,767	11,321
Retained earnings	36,692	42,483
Total shareholders' equity	72,388	78,733
Minority interest	0	0
Total liabilities and stockholders' equity	388,035	418,808

(After appropriation of results)

1.2 Consolidated income statement for the year ended December 31, 2013

All amounts expressed in thousands of Antillean Guilders

	2013 ANG 000	2012 ANG 000
Interest income	19,109	19,109
Interest expense	5,316	6,186
Net interest income	13,695	12,923
Fee and commission income	3,628	5,893
Fee and commission expenses	1,404	1,007
Net fee commission income	2,224	4,886
Gain less losses from investment securities	21	0
Income from participating interest	0	4,340
Other operating income	2,561	2,214
	2,582	6,554
Operating income	18,501	24,363
Salaries and other employee expenses	6,712	8,791
Occupancy expenses	2,011	2,082
Net impairment losses on loans and advances	1,421	4,945
Other operating expenses	4,766	5,419
Operating expenses	14,910	21,237
Net results from operations	3,591	3,126
Net result before tax	3,591	3,126
Profit tax benefit/(expense)	(988)	448
Net result tax	2,603	3,574

1.3 Explanatory notes to the consolidated financial highlights for the year ended December 31, 2013

A. ACCOUNTING POLICIES

1.3.1 GENERAL

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

1.3.2 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 Central Bank of Curaçao & Sint Maarten (CBCS). Our statutory financial statements, from which these Consolidated Financial Highlights have been derived, are prepared in accordance with International Financial Reporting

Standards as endorsed by the EU ('IFRS') and are available at the Company. The 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 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.

1.3.3 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. The Bank sold its subsidiary, SFT FAS, to third parties per May 2012 and the results of subsidiaries disposed of during 2012 were included in the income statement of 2012 as appropriate. During 2013, the Bank had no subsidiaries.

1.3.4 DESCRIPTION SIGNIFICANT ACCOUNTS

Investment securities
The Bank 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 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 the Bank's investment securities were classified as held to maturity.

Investments held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity dates that the Bank 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.

Loans and advances to customers

Loans and advances originated by the Bank include loans where money is provided directly to the borrower. Loans originated by the Bank are initially recorded at fair value. An allowance for loan impairment is established if there is objective evidence that the Bank will be unable to collect all amounts due on a claim according to the original contractual terms or the equivalent value.

B. SPECIFICATION OF ACCOUNTS

The specification of accounts is an extract of the most important accounts derived from the statutory financial statements of the Bank.



1.4 Independent auditor's report

To: The Shareholder of SFT Bank N.V. The accompanying Consolidated Financial Highlights 2013, which comprise the balance sheet as at December 31, 2013, the income statement for the year then ended, and related notes, are derived from the audited financial statements of SFT Bank N.V. for the year ended December 31, 2013. We expressed an unqualified audit opinion on those financial statements in our report dated March 28, 2014.

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 Highlights 2013 do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union.

I Assets

All amounts expressed in thousands of Antillean Guilders

	2013 ANG 000	2012 ANG 000
INVESTMENT SECURITIES		
Held to maturity	104	360
Total investment	104	360
Less allowance for losses	0	0
Net investments	104	360
LOANS AND ADVANCES TO CUSTOMERS		
Retail customers	131,318	130,778
Corporate customers	145,119	145,408
Other	24,622	23,591
Total loans and advances	301,059	299,777
Less allowance for loan losses	(8,673)	(10,565)
Net loans and advances	292,386	289,212
CUSTOMER DEPOSITS		
Retail customers	75,144	80,796
Corporate customers	77,739	90,657
Other	150,065	158,317
Total customer deposits	302,948	329,770

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

Reading the Consolidated Financial Highlights 2013, therefore, is not a substitute for reading the audited financial statements 2013 of SFT Bank N.V.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the Consolidated Financial Highlights derived from the audited financial statements in accordance with the "Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions", issued by the Centrale Bank van Curaçao en Sint Maarten ("CBCS").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Consolidated Financial Highlights 2013 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 2013 derived from the audited financial statements of SFT Bank N.V. for the year ended December 31, 2013 are consistent, in all material respects, with those financial statements, in accordance with the "Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions" as issued by the Centrale Bank van Curaçao en Sint Maarten.

Amsterdam, March 28, 2014
Deloitte Accountants B. V.

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