



# FINANCIAL STATEMENTS 2016

CENTRALE BANK VAN CURAÇAO EN SINT MAARTEN





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## Balance sheet as of December 31 (in NAf.)

	2016	2015
<b>ASSETS</b>		
Gold	872,230,907	799,350,601
Foreign receivables and investments	2,668,424,851	2,518,045,667
Domestic receivables and investments	350,984,038	361,164,128
Fixed assets	97,116,983	93,254,924
Other current assets	41,316,799	43,228,333
<b>Total assets</b>	<b>4,030,073,578</b>	<b>3,815,043,653</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>LIABILITIES</b>		
Bank notes in circulation	434,751,063	419,086,683
Nonresidents' current accounts		
in guilders	67,833,406	44,005,760
in foreign currency	438,554,555	336,487,663
Residents' current accounts		
in guilders	1,939,429,161	1,911,576,714
in foreign currency	69,358,505	73,096,644
Residents' time deposits		
in guilders	227,400,000	162,600,000
in foreign currency	-	53,557,311
Funds in consignment	15,569,411	11,395,413
Other liabilities	14,773,189	17,042,475
<b>Total liabilities</b>	<b>3,207,669,290</b>	<b>3,028,848,663</b>

Balance sheet as of December 31 (in NAf.) cont.

	2016	2015
PROVISIONS	29,192,000	30,554,000
EQUITY		
Capital	30,000,000	30,000,000
Reserve fund	30,000,000	30,000,000
Appropriated reserves	724,819,898	651,911,417
Retained earnings	8,392,390	43,729,573
Total equity	793,212,288	755,640,990
Total liabilities & equity	4,030,073,578	3,815,043,653

*The December 31, 2016 and December 31, 2015 figures are extracted from the audited financial statements.*

## Profit and loss statement (in NAf.)

	2016	2015
<b>INCOME</b>		
Interest income	55,242,930	48,798,727
Interest expenses	-2,321,293	-837,724
<b>Net interest income</b>	<b>52,921,637</b>	<b>47,961,003</b>
Capital gain	85,522	28,021
Net unrealized gain/loss related to market value changes	72,974,987	-103,250,499
Realized foreign exchange result	3,260,422	5,938,690
Net unrealized foreign exchange result	-80,072	-230,741
Management and custody fee	-433,394	-438,572
<b>Net investment and foreign exchange result</b>	<b>128,729,102</b>	<b>-49,992,098</b>
Supervision income	9,287,870	13,680,246
Miscellaneous income	1,224,238	1,673,344
<b>Other income</b>	<b>10,512,108</b>	<b>15,353,590</b>
<b>Total income</b>	<b>139,241,210</b>	<b>-34,638,508</b>
<b>EXPENSES</b>		
Depreciation of tangible fixed assets	5,943,071	5,648,885
Depreciation of intangible fixed assets	1,214,839	2,001,646
General operating expenses	50,782,429	25,409,600
<b>Total expenses</b>	<b>57,940,339</b>	<b>33,060,131</b>
Net result including gain/loss from market value changes and unrealized foreign exchange result	81,300,871	-67,698,639
Dotation/withdrawal unrealized gain/loss related to market value changes and unrealized exchange result to/from the appropriated reserves	-72,908,481	103,374,511
<b>Net result</b>	<b>8,392,390</b>	<b>35,675,872</b>

The 2016 and 2015 figures are extracted from the audited financial statements.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### GENERAL

The accounting principles applied by the Bank in this report are derived from the Financial Reporting Principles of the Centrale Bank van Curaçao en Sint Maarten<sup>1</sup> (reference CBCS/2012/1) dated October 29, 2012, as approved by the Board of Supervisory Directors and stipulated by the Meeting of the Entitled Asset Holders on, respectively, June 28, 2013 (Curaçao) and July 31, 2013 (Sint Maarten).

The following is a summary of the significant accounting principles applied.

The figures presented in these condensed financial statements are stated in Netherlands Antillean Guilders ("NAƒ").

Assets and liabilities are valued at nominal value unless otherwise stated. Income is recognized on an accrual basis. Expenses are incurred in the period to which they relate.

## NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2016

### GOLD

Gold is valued at the prevailing market price at balance sheet date. Unrealized gains/losses related to market value changes are credited/charged to the profit and loss statement. Based on article 35, paragraph 2, and article 40 of the Bank Statute, the unrealized result is subsequently credited/charged to the result before profit distribution and to the appropriated reserve regarding gold revaluation. If the balance of this appropriated reserve becomes negative, the negative balance will be charged to the profit and loss statement.

## FOREIGN RECEIVABLES AND INVESTMENTS

The foreign receivables and investments represent current account balances and time deposits with foreign financial institutions, securities in foreign currency, bonds issued by the former country of the Netherlands Antilles and the Island Territory of Curaçao, the debts of which were taken over by the Dutch State as part of the debt relief in connection with the constitutional changes, and receivables from governments and institutions of other countries.

The securities represent investment portfolios. The investment portfolios managed internally are - except for monetary reasons that can make market operations necessary - held to maturity and valued at amortized cost. The investment portfolios managed externally are valued at the market price at balance sheet date. Unrealized gains/losses from market value changes with regard to the investment portfolios managed externally are credited/charged to the profit and loss statement. Based on article 35, paragraph 2, and article 40 of the Bank Statute, the unrealized result is subsequently credited/charged to the appropriated reserve, which is accounted for per each investment portfolio. If the balance of the appropriated reserve becomes negative, the negative balance will be charged to the profit and loss statement.

Realized gains and losses are immediately accounted for in the profit and loss statement.

The accrued interest with respect to the investments is accounted for under the balance sheet item "Other current assets."

## DOMESTIC RECEIVABLES AND INVESTMENTS

The domestic receivables and investments

<sup>1</sup> "Grondslagen voor de financiële verslaggeving van de Centrale Bank van Curaçao en Sint Maarten."

relate to investments in bonds issued by semi-government institutions in Curaçao and Sint Maarten (i.e., Integrated Utility Holding N.V. and Sint Maarten Harbour Finance N.V.), and loans granted based on article 10, paragraph 3, sub f, of the Bank Statute, collateralized by a mortgage on real estate located in Curaçao or Sint Maarten or other collateral.

The bonds are valued at their amortized cost and the loans at their nominal value less a provision for possible losses.

The accrued interest with respect to the bonds and loans is accounted for under the balance sheet item "Other current assets."

## FIXED ASSETS

These assets, which also include the printing cost of bank notes and the capitalized cost price or production costs of purchased and self-developed software applications, are - with the exception of land and art - valued at cost after deduction of accumulated depreciation, calculated on the basis of the expected useful life of the assets following the straight-line method. Land and art are valued at cost. Impairment losses, if any, are charged directly to the profit and loss statement.

## OTHER CURRENT ASSETS

This item includes, among other things, license fee receivable, accrued interest, prepaid expenses, coins and currency held as petty cash, accounts receivable, and other short-term receivables. These assets are valued at their nominal value less a provision for possible losses.

## BANK NOTES IN CIRCULATION

This item represents the nominal value of the bank notes issued by the Bank that are in circulation at the balance sheet date.

## NONRESIDENTS' CURRENT ACCOUNTS

This item represents the balances in current accounts of foreign banks and/or foreign government institutions. Foreign currency balances are converted into guilders at the Bank's official mid-rates prevailing at the balance sheet date. The balances are mostly noninterest-bearing.

## RESIDENTS' CURRENT ACCOUNTS

These accounts include the noninterest-bearing balances in the current accounts of domestic banks, the governments of Curaçao and Sint Maarten, other government institutions in Curaçao and Sint Maarten, and the reserve requirement of domestic banks. Most of the balances are denominated in guilders. Foreign currency balances are converted into guilders at the Bank's official mid-rates prevailing at the balance sheet date.

## RESIDENTS' TIME DEPOSITS

These deposits include the balances in time deposits and certificates of deposit of domestic banks and government institutions. Foreign currency balances are converted into guilders at the Bank's official mid-rates prevailing at the balance sheet date. These balances are interest-bearing.

## FUNDS IN CONSIGNMENT

This item represents the nominal value of the Bank's liability for money received in custody from third parties in conformity with the Ordinance on Money held in Consignation (P.B. 1886, no. 22).

## OTHER LIABILITIES

This item includes, among other things, license fee payable, accrued interest, and accounts payable.



## PROVISIONS

The balance of the provisions refers to, among other things, provisions for early retirement (VUT), cost-of-living allowance ("duurtetoelag"), compensation AOV/BVZ and medical expense premiums SZGBNA. These provisions are periodically calculated by an actuary.

## CAPITAL

Under article 34 of the Bank Statute the capital amounts to NAf 30 million.

## RESERVE FUND

This fund concerns a reserve to be formed from the profit up to an amount of NAf 30 million. Under article 34 of the Bank Statute, this reserve is intended to cover potential losses on the capital of the Bank.

## APPROPRIATED RESERVES

The appropriated reserves relate to the unrealized gains/losses from market value changes and foreign exchange results on the balance sheet items that comprise the foreign exchange reserves (gold, foreign receivables, and investments). The appropriated reserves are accounted for separately for gold, investment portfolios, and foreign exchange result.

The unrealized gains/losses from market value changes and foreign exchange results are credited/charged to the profit and loss statement when they originate. Based on article 35, paragraph 2, and article 40 of the Bank Statute, the unrealized results are subsequently credited/charged to the result before profit distribution and to the respective appropriated reserve. If the balance of the respective appropriated reserves becomes negative, the negative balance will be charged to the profit and loss statement.

The revaluation of the foreign exchange reserves as of December 31, 2016 resulted in a net increase of the appropriated reserves of NAf 72.908 million, consisting of an unrealized gain on gold of NAf 72.880 million, an unrealized gain on investments of NAf 95 thousand, and an unrealized loss on foreign exchange of NAf 67 thousand.

## RETAINED EARNINGS

This item represents the accumulated earnings of the Bank less profit distributions paid to the governments of Curaçao and Sint Maarten.

## NOTES TO THE PROFIT AND LOSS STATEMENT 2016

### INTEREST INCOME

Interest income is generated mainly from current accounts, time deposits, bonds of the former country the Netherlands Antilles and the Island Territory of Curaçao (the debts of which were taken over by the Dutch State in connection with the constitutional changes), domestic bonds and loans, gold investments, and securities in foreign currency.

### NET UNREALIZED GAIN/LOSS RELATED TO MARKET VALUE CHANGES

The net unrealized gain/loss related to market value changes fluctuates based on the prevailing market prices at month-end of gold and the securities in foreign currency managed externally.

### REALIZED FOREIGN EXCHANGE RESULT

These earnings result from the margin between the buying and selling rates applied by the Bank when trading in foreign currencies and from the differences in exchange rates arising from conversions.

## CONTINGENT LIABILITIES

The Bank has a repurchase agreement with respect to tranche A of the 5% bond issue of Sint Maarten Harbour Finance N.V. (SMHF) 2012 – 2033, issued on February 15, 2012, which contingent liability amounts to NAf 139.93 million as per December 31, 2016.

## SUBSEQUENT EVENTS

The country of Sint Maarten was hit by Hurricane Irma in the first week of September 2017, which caused enormous damage to the island. The assessment of the full extent of the damage and its consequences for the economy of Sint Maarten has yet to be completed. The damage caused will also affect the revenues and cash flow of SMHF and its capacity to fully comply with its obligations towards the bonds issued and the 'debt service coverage ratio' in the short term. The Bank expects that the other bondholders of SMHF will understand the situation and will cooperate to allow SMHF to recover from the consequences of Irma, after which SMHF can fully comply again with its obligations towards its corporate bonds and the required 'debt service coverage ratio'.

## ***Independent Auditor's Report***

To the Board of directors and the board of Supervisory Directors  
of the Central Bank of Curaçao and Sint Maarten

**Reference: GT/131201/2170633**

### ***Our opinion***

The condensed financial statements 2016 of the Centrale Bank van Curaçao en Sint Maarten ("CBCS") consisting of the balance sheet as at December 31, 2016 and the profit and loss statement for the year then ended, and notes, which comprise a summary of significant accounting policies and other explanatory information, are derived from the audited financial statements 2016 of CBCS, Curaçao, for the year ended December 31, 2016.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements 2016 of CBCS, in accordance with the financial reporting principles of the CBCS (reference CBCS/2012/1) dated October 29, 2012, as approved by the Board of Supervisory Directors and stipulated by the meeting of the Entitled Asset Holders.

### ***Condensed financial statements***

The condensed financial statements do not contain all the disclosures required by the financial reporting principles of the CBCS (reference CBCS/2012/1) dated October 29, 2012, as approved by the Board of Supervisory Directors and stipulated by the meeting of the Entitled Asset Holders. Reading the condensed financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements, and the auditor's report thereon. The condensed financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements, dated November 1, 2017.

### ***The audited financial statements and our auditor's report thereon***

We expressed an unmodified audit opinion on the audited financial statements in our report dated November 1, 2017.

### ***Responsibility of the board of directors and the supervisory board***

The board of directors is responsible for the preparation of the condensed financial statements in accordance with the financial reporting principles of the CBCS (reference CBCS/2012/1) dated October 29, 2012, as approved by the Board of Supervisory Directors and stipulated by the meeting of the Entitled Asset Holders.

The board of supervisory directors is responsible for the execution of supervision on the process of financial reporting.



### ***Our responsibility***

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Curaçao, November 16, 2017  
PricewaterhouseCoopers Curaçao

A handwritten signature in blue ink, consisting of several loops and horizontal strokes, positioned above the printed name.

Gijsbert (A.N.) Turkenburg RA





CENTRALE  
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