



Independent Auditor's Report on the Consolidated Financial Highlights

To the Shareholder and Board of Directors of Banco di Caribe N.V.

Opinion

The consolidated financial highlights, which comprise the consolidated balance sheet as at December 31, 2017, the consolidated statement of profit and loss for the year then ended, and related notes, are derived from the audited consolidated financial statements of Banco di Caribe N.V. for the year ended December 31, 2017.

In our opinion, the accompanying consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the Provision for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, issued by the Central Bank of Curaçao and St. Maarten. ("CBCS").

The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated financial highlights and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Banco di Caribe N.V.

Consolidated financial highlights

The accompanying consolidated financial highlights, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statement of profit or loss and other comprehensive income for the year then ended, and related notes, are derived from the audited consolidated financial statements of Banco di Caribe N.V. (the "Bank") for the year ended December 31, 2017. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 27 June, 2018.

The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Stan-

dards. Reading the consolidated financial highlights, therefore, is not a substitute for reading the audited consolidated financial statements of the Bank.

The audited consolidated financial statements and our report thereon
We expressed an unmodified opinion on the consolidated financial statements in our report dated June 27, 2018.

We have included an emphasis of matter to draw attention to the disclosure of the accounting policy for possible impairment of loans of the companies' branch in St. Maarten due to the impact of Hurricanes Irma and Maria. We have not modified our report in this respect.

Management's responsibility for the consolidated financial highlights
Management is responsible for the preparation of the consolidated financial highlights derived from the audited consolidated financial statements in accordance with the Provision for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, issued by the CBCS.

Auditor's responsibility
Our responsibility is to express an opinion on whether the consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements of Banco di Caribe N.V. based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

Curaçao, June 27, 2018

Baker Tilly Curaçao
V.T.M. Bergisch RA

Consolidated statement of financial position As at December 31, 2017 (in '000 Antillean Guilders)

Assets	2017	2016
Cash and due from banks	525,707	461,763
Investment securities	175,955	171,085
Investment property	109,967	109,967
Loans and advances to customers	899,421	878,457
Bank premises and equipment	81,936	82,162
Customers' liability under acceptances	22,657	40,797
Other assets	96,242	71,497

Total assets 1,911,885 1,815,728

Liabilities and Shareholder's equity

Liabilities		
Customers' deposits	1,554,282	1,429,111
Due to other banks	561	-
Acceptances outstanding	22,657	40,797
Deferred tax liabilities	8,031	7,835
Current tax liabilities	4,616	2,223
Payables and other financial liabilities	16,786	17,938
Provisions	2,038	2,288

Total liabilities 1,608,971 1,500,192

Shareholder's equity

Issued capital	20,677	20,677
Share premium	75,750	75,750
General reserve	19,803	19,230
Other reserves	20,189	21,251
Retained earnings	166,495	178,628

Total shareholder's equity 302,914 315,536

Total liabilities and shareholder's equity 1,911,885 1,815,728

Consolidated statement of profit or loss For the year ended December 31, 2017 (in '000 Antillean Guilders)

	2017	2016
Interest income	66,994	69,028
Interest expense	27,847	29,805

Net interest income 39,147 39,223

Net Fee and commission income 18,154 16,083

Income from investment securities	15,813	47,920
Other operating income	1,102	1,127

Operating income 74,216 104,353

Salaries and other employee expenses	42,553	43,036
Occupancy expenses	5,286	5,042
Net impairment losses on loans and advances	8,538	9,993
Other operating expenses	26,489	24,918

Operating expenses 82,866 82,989

(Loss)/Profit before tax	(8,650)	21,364
Profit tax	3,226	1,004

Net (loss)/profit for the year (11,876) 20,360

Explanatory notes to the consolidated financial highlights of Banco di Caribe N.V. As at December 31, 2017

A. Accounting policies

1. General

The principal accounting policies adopted in the preparation of the consolidated financial statements of Banco di Caribe N.V. and its subsidiaries (the "Bank") are set out 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.

2. Basis of preparation

The consolidated financial statements, from which these Consolidated Financial Highlights have been derived, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The figures presented in these highlights are prepared in thousands of Antillean Guilders (ANG). The policies used have been consistently applied by the Bank and are consistent, in all material respects, with those used in previous years. For financial statement presentation purposes certain amounts of 2016 have been adjusted.

3. Basis of consolidation

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements incorporate the assets, liabilities, revenues and expenses of Banco di Caribe N.V. and its subsidiaries, except for the assets and liabilities of N.V. Trustmaatschappij van Banco di Caribe relating to the securities this subsidiary holds on behalf of its customers. The Bank is the sole shareholder of all of its subsidiaries. All significant intercompany assets, liabilities, revenues and expenses have been eliminated in preparing the consolidated financial statements. The most significant accounting policies are set out below.

Investment securities

The Bank classifies its financial assets in the follow categories: financial assets at fair value through profit or loss; available-for-sale financial assets; held-to-maturity financial assets and loans and advances.

Fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value, with subsequent fair value changes recognized immediately in profit or loss. The Bank designates financial assets at fair value through profit or loss if the assets are managed, evaluated and reported internally on a fair value basis or if designation as such eliminates an accounting mismatch which would otherwise arise.

Available-for-sale

Available-for-sale investments are non-derivative investments that are intended to be held for an indefinite period of time. Available-for-sale investments are initially recognized at fair value plus transaction cost, with fair value changes recognized directly in equity, until the investment is derecognized or impaired, whereupon the cumulative gains or losses previously recognized in equity are recognized in the income statement for that period.

Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at

fair value plus transaction cost and are subsequently carried at amortized cost using the effective interest method.

Loans and advances to customers

Loans and advances are carried at amortized cost, less an allowance for loan losses. Changes in the total allowance for loan losses are charged to the income statement. Loans deemed uncollectible are charged-off against the allowance for loan losses. Subsequent recoveries are credited in the income statement.

Net interest income

Interest income and expense is recognized as it accrues. Interest income arising from debt securities and deposits with other banks is recognized as it accrues, taking into effect the effective yield on the investment.

Income from investment securities

Income from investment securities includes realized and unrealized result from fair value changes related to financial assets at fair value through profit or loss, realized result on available-for-sale securities, including impairment losses, gains and losses arising from the sale, revaluation of investment property.

B. Specification of accounts (in '000 Antillean Guilders)

I. Assets

Investment securities	2017	2016
Available-for-sale securities	42,256	114,810
Held-to-maturity securities	80,929	-
Fair value through profit or loss	52,770	56,275
Total investment securities	175,955	171,085

Loans and advances to customers	2017	2016
Retail customers	531,138	513,797
Corporate customers	484,748	467,946

Gross loans and advances to customers	1,015,886	981,743
Less: allowance for loan impairment	(116,465)	(103,286)

Net loans and advances to customers 899,421 878,457

II. Liabilities

Customers' deposits	2017	2016
Retail customers	494,538	469,298
Corporate customers	931,492	838,648
Other	128,252	121,165
Total customers' deposits	1,554,282	1,429,111

