



# FINANCIAL STATEMENTS 2017

CENTRALE BANK VAN CURAÇAO EN SINT MAARTEN





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# CONTENT

1.	Balance sheet as of December 31	4
2.	Profit and loss statement	6
3.	Notes to the condensed financial statements	7
4.	Independent auditor's report	11

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

	2017	2016
<b>ASSETS</b>		
Gold	975,625,374	872,230,907
Foreign receivables and investments	2,644,778,461	2,668,424,851
Domestic receivables and investments	341,560,349	350,984,038
Fixed assets	95,152,143	97,116,983
Other current assets	45,684,121	41,316,799
<b>Total assets</b>	<b>4,102,800,448</b>	<b>4,030,073,578</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>LIABILITIES</b>		
Bank notes in circulation	469,675,655	434,751,063
Nonresidents' current accounts		
in guilders	68,061,854	67,833,406
in foreign currency	192,084,660	438,554,555
Residents' current accounts		
in guilders	2,065,049,794	1,939,429,161
in foreign currency	181,634,165	69,358,505
Residents' time deposits		
in guilders	160,800,000	227,400,000
in foreign currency	-	-
Funds in consignment	15,623,444	15,569,411
Other liabilities	15,237,598	14,773,189
<b>Total liabilities</b>	<b>3,168,167,170</b>	<b>3,207,669,290</b>

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

	2017	2016
<b>PROVISIONS</b>	27,467,183	29,192,000
<b>EQUITY</b>		
Capital	30,000,000	30,000,000
Reserve fund	30,000,000	30,000,000
Appropriated reserves	828,086,236	724,819,898
Retained earnings	19,079,859	8,392,390
<b>Total equity</b>	<b>907,166,095</b>	<b>793,212,288</b>
<b>Total liabilities &amp; equity</b>	<b>4,102,800,448</b>	<b>4,030,073,578</b>

*The December 31, 2017 and December 31, 2016 figures are extracted from the audited financial statements.*

## Profit and loss statement (in NAf.)

	2017	2016
<b>INCOME</b>		
Interest income	62,247,987	55,242,930
Interest expenses	-2,931,459	-2,321,293
<b>Net interest income</b>	<b>59,316,528</b>	<b>52,921,637</b>
Capital gain	66,398	85,522
Net unrealized gain/loss related to market value changes	103,189,176	72,974,987
Realized foreign exchange result	3,673,027	3,260,422
Net unrealized foreign exchange result	77,162	-80,072
Management and custody fee	-572,625	-433,394
<b>Net investment and foreign exchange result</b>	<b>165,749,666</b>	<b>128,729,102</b>
Supervision income	10,868,600	9,287,870
Miscellaneous income	1,098,126	1,224,238
<b>Other income</b>	<b>11,966,726</b>	<b>10,512,108</b>
<b>Total income</b>	<b>177,716,392</b>	<b>139,241,210</b>
<b>EXPENSES</b>		
Depreciation of tangible fixed assets	7,624,173	5,943,071
Depreciation of intangible fixed assets	1,776,112	1,214,839
General operating expenses	54,362,300	50,782,429
<b>Total expenses</b>	<b>63,762,585</b>	<b>57,940,339</b>
Net result including gain/loss from market value changes and unrealized foreign exchange result	113,953,807	81,300,871
Dotation unrealized gain related to market value changes and unrealized exchange result to the appropriated reserves	-103,266,338	-72,908,481
<b>Net result</b>	<b>10,687,469</b>	<b>8,392,390</b>

The 2017 and 2016 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 ("NAf").

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, 2017

### 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.

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

## 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

relate to investments in bonds issued by semi-government institutions in Curaçao and Sint Maarten (in casu 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 and 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, 2017 resulted in a net increase of the appropriated reserves of NAf 103.266 million, consisting of an unrealized gain on gold of NAf 103.394 million, an unrealized loss on investments of NAf 205 thousand, and an unrealized gain on foreign exchange of NAf 77 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 2017

### 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 (SMHF) N.V. 2012 – 2033, issued on February 15, 2012, which contingent liability amounts to NAF 137.16 million as per December 31, 2017.

## SUBSEQUENT EVENTS

There have been no subsequent events that would require adjustment to or disclosure in the financial statements as of December 31, 2017.



## ***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/131201/2180329**

### ***Our opinion***

The condensed financial statements 2017 of the Centrale Bank van Curaçao en Sint Maarten are derived from the audited financial statements 2017 of Centrale Bank van Curaçao en Sint Maarten, Curaçao, for the year ended December 31, 2017.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements 2017 of Centrale Bank van Curaçao en Sint Maarten, in accordance with the financial reporting principles of the Centrale Bank van Curaçao en Sint Maarten (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 as set out in the notes 1 and 2 to the condensed financial statements.

The condensed financial statements consist out of:

1. Balance sheet as of December 31, 2017
2. Profit and loss statement 2017
3. Notes to the condensed financial statements

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

The condensed financial statements do not contain all the disclosures required by the financial reporting principles of the Centrale Bank van Curaçao en Sint Maarten (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 June 26, 2018.

### ***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 June 26, 2018.



### ***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 Centrale Bank van Curaçao en Sint Maarten (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 and as set out in note 1 and 2 to the condensed financial statements.

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, June 26, 2018  
PricewaterhouseCoopers Curaçao

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned below the printed name.

Gijsbert (A.N.) Turkenburg RA





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