

**Girobank N.V.**

**Financial Highlights**

**December 31, 2006**

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## **Directors' report**

2006 was, without a doubt, a good year for our Bank. Due to the rapid growth of our operations it became necessary in the past year to start expanding and renovating our branches and look at the possibility of opening new branches in order to better accommodate our customers. Our branch at Janwe was the first to be expanded and completely renovated, with modern offices and equipment, followed by our branches at the Jan Noorduyweg and in the Colon Shopping Center, which are both still under construction. Our goal is also to move our Marshé branch to another, more central and bigger location in Punda, which is currently being negotiated.

In the past year we saw our off-shore portfolio grow at an extremely rapid pace. This development led to the incorporation of a separate company, Girobank International N.V. that will render its services exclusively to non-resident and off-shore clients. We are happy to report that the process of obtaining the necessary licences from the Central Bank is in its final stage and we expect Girobank International N.V. to become fully operative in the very near future.

During the course of 2006 our bank continued its efforts not only to support and motivate our sports practicing youth by contributing substantial amounts to sports organizations and –activities, but also our youth and the public in general. Many get-togethers and lectures were organized where our Managing Director, Eric Garcia, personally explained the importance of consciously spending, budgeting and saving, giving valuable information on how to go about managing your money. At the 'feria di arte i artesanía', visited by many youngsters and their parents, our Managing Director was personally present as well to relay the bank's message and answer questions on this subject.

To encourage our youngsters to save, the bank introduced the 'youth savings' account for minors (up to 18 years old). This new product was launched at 'Feria di Spar' where 5000 people attended and over 800 new accounts were opened.

Another new product that our bank introduced in 2006 is the interest bearing checking account. In striving to support the less fortunate in our community, Management decided to link this product to a social initiative, and contracted Fundashon Tayer Soshal Santa Martha- which organization is engaged in helping the handicapped and keeping them occupied in a productive way - to design and make the cases for these checks, rather than having them imported. This ongoing project has proven to be very successful.

As far as the bank's performance in the past year is concerned, our loans and advances to customers have increased by 81% from ANG 162 million in 2005 to ANG 294 million in 2006. The continuing confidence of our customers is evidenced by a significant increase of

customers' deposits from ANG 429 million in 2005 to ANG 567 million in 2006, being 32%.

During 2006 the bank has adopted the financial statements to comply with IFRS. As a consequence the equity as reported at December 31, 2005 was restated. As a result of a capital injection in 2006, the bank's total equity increased from ANG 55.8 million in 2005 to ANG 73.1 million in 2006 (31%), which of course, to a large extent, contributed to the growth of our bank in 2006, and to an increase of **59%** of the bank's net result (after tax) as compared to 2005 (from **ANG 5.2 million** in 2005 to **ANG 8.3 million** in 2006). Needless to say that this increase would have been even larger had we not incurred the - considerable - loss caused by the much publicized armed robbery at our Sta. Rosa branch.

We look to the future with optimism, hoping that the political situation on the island will soon stabilize. The "Riffort Renaissance Curaçao" project will be opening by November 1, 2007, which means that more hotel rooms will become available. This will undoubtedly result in an increase of our tourism. Also of importance is the extra employment opportunities that will be created, which of course will bring about more buying power and more economic activity. Our bank recently signed a contract for the lease of one of the units in this project, from where we will be operating a – relatively small - branch office as well.

This year another branch will be established in the Zuikertuin Food & Shopping Mall (still under construction), which will be open to the public six days a week. It is expected for the Mall to open its doors in the next couple of months.

Finally, our bank is in the process of establishing a branch in Bonaire, for which the required permission from the Central Bank has already been applied for. We expect this branch to open before the end of 2007.

We would like to emphasize that these results would not have been possible without the hard work, loyalty and contribution of each and every dedicated member of our staff and the support of our Supervisory Directors and shareholders. Our sincerest gratitude goes to all of them.

To our customers, all of whom are highly valued, we would like to say: Thank you for your confidence. You continue to inspire Management and staff of Girobank N.V. to strive for perfection in serving you. To reach that perfection is one of our most important goals for 2007.

On behalf of the Managing Board of Girobank N.V.,  
Eric L. Garcia  
Curaçao, April 2007

**Financial Highlights**

**1.1 Balance sheet as of December 31, 2006**

*(All amounts expressed in thousands of Netherlands Antillean Guilders)*

	<u>2006</u>	<u>2005</u>
	ANG	ANG
<b>Assets</b>		
Cash and due from banks	203,485	184,410
Investment securities	161,247	180,302
Loans and advances to customers	293,906	162,129
Property and equipment	3,438	3,133
Customers' liability under acceptances	30,199	11,074
Deferred income tax assets	10,657	15,034
Other assets	5,579	6,319
<b>Total assets</b>	<u><u>708,511</u></u>	<u><u>562,401</u></u>
<b>Liabilities</b>		
Customers' deposits	566,910	429,483
Due to other banks	24,123	55,337
Acceptances outstanding	30,199	11,074
Other liabilities	14,176	10,713
Total liabilities	<u>635,408</u>	<u>506,607</u>
<b>Shareholders' equity</b>		
Issued Capital	46,500	37,500
Share premium	1,004	1,004
Other reserve	26,797	22,597
Retained earnings / (deficit)	(1,198)	(5,307)
	<u>73,103</u>	<u>55,794</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>708,511</u></u>	<u><u>562,401</u></u>

**1.2 Statement of income for the year ended December 31, 2006**

*(All amounts expressed in thousands of Netherlands Antillean Guilders)*

	2006	2005
	ANG	ANG
Interest income	39,297	28,492
Interest expenses	10,492	7,697
<b>Net interest income</b>	<u>28,805</u>	<u>20,795</u>
Fee and commission income	7,386	5,484
Net trading income	2,222	2,224
Gains less losses from investment securities	1,520	346
<b>Operating income</b>	<u>39,933</u>	<u>28,849</u>
<b>Expenses</b>		
Salaries and employee expenses	11,753	10,070
Occupancy expenses	5,982	5,667
Net impairment losses on loans and advances	3,879	733
Other operating expenses	5,633	4,607
<b>Operating expenses</b>	<u>27,247</u>	<u>21,077</u>
<b>Net result before tax</b>	<u>12,686</u>	<u>7,772</u>
Profit tax expenses	4,377	2,548
<b>Net result after tax</b>	<u>8,309</u>	<u>5,224</u>

### 1.3 Explanatory notes to the financial highlights for the year ended December 31, 2006

#### 1.3.1 Significant accounting policies

##### *General*

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

##### *Basis of preparation*

This is the first time the Bank has adopted the financial statements to comply with International Financial Reporting Standards ('IFRS'). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities to fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies.

The financial statements are expressed in thousands of Netherlands Antillean Guilders, which is both the functional and presentation currency of the Bank.

##### *Comparatives*

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

##### *Investment securities*

The Bank classifies its investment securities in the following categories: financial assets at fair value through profit or loss and held-to-maturity investments. Management determines the classification of its investments at initial recognition, but in general all government securities are classified as held-to-maturity and the marketable investments as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recognized at fair value plus transaction costs. They are subsequently carried at fair value. Unrealized gains and losses arising from changes in the fair value are included in the statement of income in the period in which they arise along with the realized gains and losses on disposal. Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset.



Held-to-maturity investments are financial assets with fixed payments and maturities that the Bank's management has the intent and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost. The premiums paid and or discounts received are amortized over the remaining period to maturity of the bond. The straight-line amortization method does not differ materially from the effective interest method. A reduction in market value is not taken into account unless it is considered to be permanent.

### *Loans and advances to customers*

Loans and advances to customers are stated at the principal outstanding net of unearned interest and reduced by impairment for possible loan losses.

The Bank assesses periodically whether objective evidence of impairment exists for individual loans and advances that are deemed significant and collectively for loans and advances that are not individually significant. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loans and advances original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors).

Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

When a loan is deemed uncollectible, it is written off against the related loan loss provision. Subsequent recoveries of amounts previously written off are credited to the provision for loan losses in the statement of income.

The regulatory loan loss reserve is considered an appropriation of retained earnings and is therefore presented as a component of other reserve in shareholders' equity. The minimum requirement of the BNA is between 1.0% and 2.0%.

*1.3.2 Investment securities*

This account consists of the following items:

	<u>2006</u>	<u>2005</u>
	ANG	ANG
Securities held-to-maturity	126,134	143,783
Financial assets at fair value through profit and loss	<u>35,113</u>	<u>36,519</u>
<b>Total investment securities</b>	<u><u>161,247</u></u>	<u><u>180,302</u></u>

*1.3.3 Loans and advances to customers*

The loans and advances are comprised of the following items:

	<u>2006</u>	<u>2005</u>
	ANG	ANG
Retail customers	46,138	32,668
Corporate customers	246,030	128,461
Other	<u>8,256</u>	<u>6,278</u>
<b>Gross loans and advances to customers</b>	300,424	167,407
Less allowance for loan impairment	<u>(6,518)</u>	<u>(5,278)</u>
<b>Net loans and advances to customers</b>	<u><u>293,906</u></u>	<u><u>162,129</u></u>

*1.3.4 Customers' deposits*

This includes deposits with credit institutions and other clients which consist of the following items:

	<u>2006</u>	<u>2005</u>
	ANG	ANG
Corporate customers	382,556	257,617
Other	100,357	99,021
Retail customers	<u>83,997</u>	<u>72,845</u>
<b>Total of customers' deposits</b>	<u><u>566,910</u></u>	<u><u>429,483</u></u>

**1.4 Auditor's report**

**Assurance & Business Advisory  
Services**

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To the Shareholders and Board of  
Supervisory Directors of Girobank N.V.  
Curaçao

Reference number:  
66.9209.1/270479

***Independent Auditors' Report***

We have audited the financial statements of Girobank N.V. (the "Bank") for the year ended December 31, 2006, from which these financial highlights, consisting of the balance sheet as of December 31, 2006, the statement of income and the explanatory notes for the year then ended, were derived, in accordance with the International Standards on Auditing. In our auditor's report dated April 16, 2007, we expressed an unqualified opinion on those financial statements.

In our opinion, the accompanying financial highlights as of December 31, 2006 are consistent, in all material respects, with the financial statements from which they have been derived. For a better understanding of the Bank's financial position and the results of its operations for the period and of the scope of our audit, the financial highlights should be read in conjunction with the financial statements from which they have been derived and our auditor's report thereon.

Curaçao, Netherlands Antilles, April 24, 2007  
PricewaterhouseCoopers Netherlands Antilles



Ivan de Windt