



April 20, 2017

Mr. Abhilash D. Bhachech
Inspector
Bank Supervision Department
The Central Bank of The Bahamas
Frederick Street
Nassau, Bahamas



**Re: Eurobanco Bank Ltd. /Corporate Governance Annual Certification
Financial year ended December 31st, 2016**

Dear Mr. Bhachech,

- 1/ The Board of Directors does hereby confirm that it is familiar with the contents of the Guidelines for the Corporate Governance of Banks and Trust Companies Licensed to do business within and from within The Bahamas, as issued by the Central Bank of The Bahamas on 13th December 2001 and its updates.

The Board of Eurobanco Bank Limited acknowledges its role and responsibilities under these guidelines.

- 2/ The Board, after considering the Guidelines in detail, and after an in-depth evaluation as to how best to apply the Guidelines to the size and the nature of the business of Eurobanco Bank Limited, has decided that the Board of Directors will be properly performing its functions and fulfilling its responsibilities under these Guidelines by:
 - a) Ensuring the maintenance of the Bank's business and financial information quality and accuracy through its detailed revision at quarterly Board Meetings;
 - b) The appointment of an Executive Committee, which will liaise closely with Banks Compliance Officer, and which will examine the management and administration of the Company on a regular basis. The Committee or members of the Committee will consult with management on any issues of concern and will explore

solutions and ideas proposed by the management and the Compliance Officer for submission to the Board;

- c) The periodically Executive Committee's review of the strategic management process, the risk management program, the appropriate and effective control environment, the organization's business objectives and the significant policies and procedures
- d) The continuing evaluation of the risks inherent in the business of the Bank by the preparation and review of the Key risks affecting the Company's business. Together with the Management, the Board has identified the following Key risk areas of the business:

Credit risk; Liquidity risk; Market risk; Interest-rate risk; Fiduciary risk; Reputation risk; Operational risk; Settlement risk; Technology risk; Outsourcing and Third – Part Relationship Risk; Compliance risk; Legal Risk; Personnel risk; Strategic risk; Country risk and Transfer Risk.

Under these headings the Board will review the risks to the business on a quarterly basis and will discuss these risk areas and any modifications to them with the Management on a regular basis. A written evaluation will be prepared by the Management for each financial year end Board Meeting and will be modified, as necessary, and subsequently approved by the Board.

- e) Also, the Business Continuity Plan is established, reviewed and approved by the Board.

3/ The Board confirms that the Bank has already implemented the above mentioned actions. The Board is of the opinion that Senior Management is reporting adequately to the Board for the purpose of meeting the requirements of the Corporate Governance Guidelines, as amended on May 2013.

4/ The Board are of the opinion that:

- 4.1 The Bank's structure of Capital and Reserves is adequate for the nature and level of risks assumed throughout the organization;
- 4.2 The Bank's risk profile is sound and prudent and risks, as per the Key risk evaluation, are being properly managed;
- 4.3 The policies and procedures are appropriately reviewed and approved;

- 4.4 The licensee's internal controls provide reasonable assurance of the integrity and reliability of its records; safeguard, verify and maintain accountability for its assets; and, properly recognize its liabilities, both on and off balance sheet;
- 4.5 The internal controls are based on established policies and procedures and are implemented by well experienced, qualified, and trained personnel;
- 4.6 Adherence to the established internal controls is continuously monitored;
- 4.7 The management information systems and accounting records are complete, accurate and timely;
- 4.8 Issues of concern are identified and addressed and corrective action taken in a timely manner; and,
- 4.9 All management and staff are required to maintain high corporate values and ethical standards, pursuant to the licensee's established code of conduct.

- 5/ We also certify that appointed Resident Non-Executive Director, Ms. Andrea Azeez, meets the requirements of independence as state in Section VII of the Corporate Governance Guidelines.

- 6/ The Board of Directors confirm that the Board is performing its functions and fulfilling its obligations under the Guidelines for the Minimum Standards for the Outsourcing of Material Functions (the Outsourcing Guidelines).

- 7/ The Board of Directors confirm that the Board has taken account of their obligations to comply with the Guidelines for Licensees on the Prevention of Money Laundering and Countering the Financial of Terrorism (AML/CFT Guidelines). No deficiencies have been noted in that period.

- 8/ The Compliance Program is established, reviewed and approved annually by the Board of Directors.

- 9/ The Board of Director approves the Annual Internal Audit Program and confirm that the Annual Internal Audit has been completed for the year 2016, and all new issues identified have been implemented or corrected.

- 10/ The Board of Directors confirm that the Board has reviewed its Large Exposure policy statement and it considers is appropriate to Eurobanco Bank Limited operating circumstances.

- 11/ The Board of Directors has reviewed that the conditions of the waiver continue to apply, in that Ms. Benitez and Mr. Argonz do not have a client interfacing relationship role, and that all business is introduced by the group as eligible introducer in addition confirming that they are both in the position to act independently as Senior Official I/II to function as Compliance Officer / Anti-Money Laundering Officer.

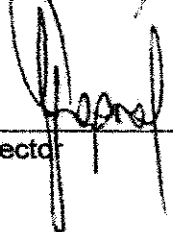
- 12/ The Board of Directors is satisfied that the recovery strategies adopted in our Business Continuity Plan (BCP) are still valid.

We hope that this Certification meets the requirements of the Central Bank and we will be pleased to discuss any aspect of the Certification with the Central Bank as required.

Yours faithfully,




Chairman




Director




Director/Secretary



Director



Director



Res. Non-Executive Director