

MANAGEMENT REPORT

ECONOMIC SITUATION

According to the Centrale Bank van Curaçao en Sint Maarten ("the CBCS" or "the Central Bank"), the real Gross Domestic Product (GDP) declined by 0.4% in 2014. Unemployment has grown up to 13% (according to latest figures) notwithstanding substantial growth in the number of jobs. In 2015 the hospital construction will get to a very labor intensive phase while several infrastructural projects, planned to commence in 2014, will be implemented in 2015. Construction of the Marriott Courtyard project is expected to commence as well as several other hospitality projects. All this construction activity will have a positive impact on the economy in 2015. Preparatory work is being done for large investments by Aqualectra, CPA (Megapier), Curoil, the Airport as well as more hospitality projects that should have a positive impact on the economy in 2016 and further. The sharp reduction in oil prices have resulted in substantial reductions in gas prices and a much less substantial reduction in electricity prices. This is also good news for the economy in 2015.

On the other hand the unstable situation in Venezuela, important for Curaçao because of the oil refinery, tourism, and the local airline (Insel Air) is a source of concern. The reduced value of the Euro may affect tourism from Europe negatively.

Another big challenge facing the Curaçao economy is a high deficit on the current account of the balance of payments. Nonetheless developments with respect to Foreign Exchange reserves have been positive in 2014. At the same time, according to the Central Bank credit extension has been decreasing by 2%. In view of these developments the credit restriction policy of the Central Bank was terminated per August 1, 2014.

BALANCE SHEET

During 2014, SFT Bank N.V. saw a moderate increase in its loans and advances from ANG 292.4 million to ANG 298.2 million, while at the same time its cash and due from banks increased from ANG 84.4 million to ANG 94.3 million. Mainly as a result of these changes, total assets increased from ANG 388 million to ANG 406 million. On the liability side of the statement of financial position, the increase in assets was accompanied by an increase of funding from ANG 302.9 million to ANG 323.9 million as we acquired more clients. Shareholder's equity increased from ANG 72.4 million to ANG 74.6 million as a consequence of result over the current year.

INCOME STATEMENT

While the interest income remained stable, interest expenses decreased as a consequence of maturing term

deposits rolling over at lower rates and lower deposits. The cumulative effect of these developments resulted in an increased interest margin from ANG 13.7 million to ANG 13.9 million.

Fee and commission income increased from ANG 3.6 million to ANG 3.9 million as a consequence of higher commissions. Mainly because of this development, total operating income increased from ANG 18.5 million to ANG 18.8 million.

Personnel expenses increased from ANG 6.7 million to ANG 7.0 million as we have added more personnel on the payroll in the credit department. In 2014 the addition to the bad debt provision of ANG 1.5 million was in line with the normal operations. With higher requirements of the banking system, our office expenditure increased. The cumulative effect of these developments resulted in an increase in operating expenses from ANG 14.9 million to ANG 16.3 million. The resulting profit before taxes is ANG 2.6 million for 2014. Taking into account the profit tax of ANG 402 thousand, the net profit is ANG 2.2 million.

RISK MANAGEMENT

In view of the stagnant economy and the negative effect of this on clients, SFT Bank N.V. is intensifying the risk management in general and with

respect to the credit department in particular. Apart from appointing a risk officer, the bank has introduced new procedures to identify risks and take the necessary actions.

MANAGEMENT

The management remains in the hands of Leopold Rigaud and Mayra Thiel as Managing Directors.

OUTLOOK

The Curaçao economy is expected to come out of recession in 2015. For 2015 the CBCS is predicting GDP growth of 0.5%. We expect moderate growth in interest income and fees & commissions. We currently have a well filled pipeline of prospects but experience shows that (construction) projects take a long time to come to fruition. 2015 will be a very challenging year due to the implementation of the new banking system in the second half of the year.

In view of recent developments we do not expect the number of employees to grow over 2015. We believe firmly that our commitment to providing high quality service and personal attention in commercial banking and mortgages will enable SFT Bank N.V. to continue to prosper.

The Managing Board of Directors of SFT Bank N.V.

L. RIGAUD M. THIEL

Consolidated financial highlights balance sheet as of december 31, 2014

(After appropriation of results)

| | 12.31.2014 ANG 000 | 12.31.2013 ANG 000 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Cash and due from banks | 94,326 | 84,353 |
| Investment securities | 1,102 | 210 |
| Loans and advances to customers | 298,243 | 292,386 |
| Bank premises and equipment | 6,919 | 7,006 |
| Goodwill and other intangible assets | 722 | 782 |
| Deferred tax asset | 476 | 0 |
| Other assets | 3,789 | 3,298 |
| Total assets | 405,577 | 388,035 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities | | |
| Customer deposits | 323,866 | 302,948 |
| Due to other banks | 87 | 258 |
| Profit tax payable | 0 | 510 |
| Deferred tax liability | 1,388 | 0 |
| Other liabilities | 5,673 | 11,931 |
| | 331,014 | 315,647 |
| STOCKHOLDERS' EQUITY | | |
| Issued capital | 4,994 | 4,994 |
| Share premium | 19,935 | 19,935 |
| Other reserve | 10,778 | 10,767 |
| Retained earnings | 38,856 | 36,692 |
| Total shareholders' equity | 74,563 | 72,388 |
| Minority interest | 0 | 0 |
| Total liabilities and stockholders' equity | 405,577 | 388,035 |

Income statement for the year ended December 31, 2014

All amounts expressed in thousands of Antillean Guilders

| | 2014 ANG 000 | 2013 ANG 000 |
|--|-----------------|-----------------|
| Interest income | 19,056 | 19,011 |
| Interest expense | 5,155 | 5,316 |
| Net interest income | 13,901 | 13,695 |
| Fee and commission income | 3,936 | 3,628 |
| Fee and commission expenses | 1,630 | 1,404 |
| Net fee and commission income | 2,306 | 2,224 |
| Gains less losses from investment securities | 20 | 21 |
| Other operating income | 2,605 | 2,561 |
| | 2,625 | 2,582 |
| Operating income | 18,832 | 18,501 |
| Salaries and other employee expenses | 7,003 | 6,712 |
| Occupancy expenses | 2,048 | 2,011 |
| Net impairment losses on loans and advances | 1,501 | 1,421 |
| Other operating expenses | 5,703 | 4,766 |
| Operating expenses | 16,255 | 14,910 |
| Net result from operations | 2,577 | 3,591 |
| Net result before tax | 2,577 | 3,591 |
| Profit tax expense | (402) | (988) |
| Net result after tax | 2,175 | 2,603 |

Explanatory notes to the Consolidated Financial Highlights for the year ended December 31, 2014

A. ACCOUNTING POLICIES

1 GENERAL

The principal accounting policies adopted in the preparation of the financial statements of SFT Bank N.V. (hereafter also referred to as "the Bank") are set out below. These explanatory notes are an extract of the detailed notes included in the statutory financial statements and are consistent in all material respects with those from which they have been derived.

2 BASIS OF PREPARATION

The Consolidated Financial Highlights have been prepared in accordance with the "Provisions for the Disclosures of Consolidated Financial Highlights of Domestic Banking Institutions" as issued by the Central Bank of Curaçao & Sint Maarten (hereafter also referred to as "the CBCS"). Our statutory financial statements, from which these Consolidated Financial Highlights have been derived, are prepared in accordance with International

Financial Reporting Standards as endorsed by the EU ("IFRS") and are available at the Bank. The accounting policies have been applied consistently during the year. The financial statements are presented in thousands of Netherlands Antillean Guilders (ANG) and all values are rounded to the nearest ANG thousand, except when otherwise indicated.

3 BASIS OF CONSOLIDATION

Subsidiaries are those institutions in which the Bank, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities. During 2014, the Bank had no subsidiaries.

4 INVESTMENT SECURITIES

The Bank classifies its investment securities in the following categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and Management determines the classification of its investment securities at initial recognition. Per year-end the Bank's investment securities were classified as held to maturity and available for sale.

Investments held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Investments available for sale

AFS financial assets are investments that are either designated as AFS or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. AFS investments are initially recognized at cost (which includes transaction costs) and are subsequently measured at fair value.

5 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances originated by the Bank include loans where money is provided directly to the borrower. Loans originated by the Bank are initially recorded at fair value. An allowance for loan impairment (the "specific provision") is established if there is objective evidence that the Bank will be unable to collect all amounts due on a claim according to the original contractual terms or the equivalent value. The General Provision on Loans and Leases ("GPLL"), as required by CBCS, is presented under "Other reserves" in "Stockholder's equity". This reserve is a general reserve to provide for potential but as yet unidentified losses in the loan portfolio.

B. SPECIFICATION OF ACCOUNTS

The specification of accounts is an extract of the most important accounts derived from the statutory financial statements of the Bank.

I Assets

| | 12.31.2014 ANG 000 | 12.31.2013 ANG 000 |
|------------------------------|-----------------------|-----------------------|
| INVESTMENT SECURITIES | | |
| Available for sale | 1,001 | 0 |
| Held to maturity | 101 | 104 |
| Total investments | 1,102 | 104 |
| Less allowance for losses | 0 | 0 |
| Net investments | 1,102 | 104 |

| | 12.31.2014 ANG 000 | 12.31.2013 ANG 000 |
|--|-----------------------|-----------------------|
| LOANS AND ADVANCES TO CUSTOMERS | | |
| Retail customers | 141,761 | 131,318 |
| Corporate customers | 144,011 | 145,119 |
| Other | 22,314 | 24,622 |
| Total loans and advances | 308,086 | 301,059 |
| Less allowance for loan losses | (9,843) | (8,673) |
| Net loans and advances | 298,243 | 292,386 |

II Liabilities

| | 12.31.2014 ANG 000 | 12.31.2013 ANG 000 |
|--------------------------------|-----------------------|-----------------------|
| CUSTOMER DEPOSITS | | |
| Retail customers | 80,088 | 75,144 |
| Corporate customers | 90,829 | 77,739 |
| Other | 152,949 | 150,065 |
| Total customer deposits | 323,866 | 302,948 |

Independent auditor's report

The accompanying Consolidated Financial Highlights 2014, which comprise the summary balance sheet as of December 31, 2014, the summary income statement for the year then ended, and related notes, are derived from the audited financial statements of SFT Bank N.V. for the year ended December 31, 2014. We expressed an unqualified audit opinion on those financial statements in our report dated April 2, 2015. Those financial statements, and the Consolidated Financial Highlights, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The Consolidated Financial Highlights 2014 do not contain all the disclosures required by the International Financial Reporting Standards as adopted by the

European Union. Reading the Consolidated Financial Highlights 2014, therefore, is not a substitute for reading the audited financial statements 2014 of SFT Bank N.V.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the Consolidated Financial Highlights 2014 derived from the audited financial statements 2014 in accordance with the "Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions", issued by the Centrale Bank van Curaçao en Sint Maarten.

AUDITOR'S RESPONSIBILITY
Our responsibility is to express an opinion on the Consolidated Financial Highlights 2014 based on our procedures, which were con-

ducted in accordance with Dutch Law, including the Dutch Standard on Auditing 810 "Engagements to report on summary financial statements".

OPINION

In our opinion, the Consolidated Financial Highlights 2014 derived from the audited financial statements

of SFT Bank N.V. for the year ended December 31, 2014 are consistent, in all material respects, with those financial statements, in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institution, issued by the Centrale Bank van Curaçao en Sint Maarten.

Amsterdam, April 2, 2015
Deloitte Accountants B. V.

Signed on the original:
R.J.M. Maarschalk