

Consolidated Financial Highlights

31 DECEMBER, 2016



Management report

ECONOMIC SITUATION

According to the Centrale Bank van Curaçao en Sint Maarten (hereafter also to be referred to as "the CBCS" or "the Central Bank"), the real Gross Domestic Product (GDP) had no increase in 2016 while inflation decreased by 0.2% according to the Centraal Bureau Statistiek (CBS). Unemployment has increased from 11.7% to 13.3% (according to October 2016 figures) while youth unemployment increased from 29.7% to 36.8% during the same year.

In 2017 the CBCS foresees 0.4% growth. The hospital construction will continue, construction of the megapier has started, the Curaçao Dry Dock has a new operator in Damen (facilities will be upgraded) and a windmill project will be executed. Preparatory work is being done for large investments by Aqueductra, Curaçao Port Services, as well as several hospitality projects that should have a positive impact on the economy in 2017 and further.

On the other hand the unstable situation in Venezuela, the resulting problems with the refinery, with the local airline (Insel Air), and the political situation in Curaçao are cause for concern.

Another big challenge facing the Curaçao economy is a high deficit on the current account of the balance of payments.

According to the Central Bank credit extension has been decreasing by 2%.

NEW BANKING SYSTEM

In 2015 we successfully converted to the new banking system, Signature. In 2016 we have worked, with success, on implementing upgrades and fixes in order to make the system run as smooth as possible. This process will continue, to a lesser extent, in 2017.

BALANCE SHEET

During 2016, Vidanova Bank N.V. saw an increase in its loans and advances from ANG 325 million to ANG 333 million, while at the same time its cash and due from banks increased from ANG 112 million to ANG 122 million. Mainly as a result of these changes, total assets increased from ANG 460 million to ANG 476 million.

On the liability side of the statement of financial position, the increase in assets was accompanied by an increase of funding from ANG 373 million to ANG 388 million as we acquired more clients. Shareholder's equity increased from ANG 77 million to ANG 79 million as a consequence of the addition of the result over 2016.

INCOME STATEMENT

Interest income increased with ANG 0.8 million while interest expenses decreased

with ANG 0.2 million. The cumulative effect of these developments resulted in an ANG 1 million increase in interest margin at ANG 15 million (2015: ANG 14 million).

Net fee and commission income decreased from ANG 2.6 million to ANG 2.4 million. Other operating income increased from ANG 1.9 million to ANG 2.7 million. Total operating income increased from ANG 18.4 million to ANG 20.2 million.

Operating expenses increased from ANG 15.8 million to ANG 16.6 million. In 2016 the addition to the bad debt provision of ANG 1 million was at a normal level while personnel expenses were substantially higher. The resulting profit before taxes is ANG 3.6 million for 2016 (2015: ANG 2.7 million). Taking into account the profit tax of ANG 0.8 million, the net profit is ANG 2.8 million. (2015: ANG 2.2 million).

VIDANOVA

Per January 1st 2016, the Vidanova Pension Fund took a participation of 67% of the shares in SFT Bank and per January 2nd of 2017 the participation was increased to 81%.

On January 25, 2017 the name of the bank was rebranded to Vidanova Bank with only positive reactions from the community. With this strategic alliance Vidanova intends to provide its participants with all possible financial services and products they need during their lifetime.

MANAGEMENT

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

OUTLOOK

In 2017 the CBCS foresees 0.4% growth. Several large projects are under construction and will have a positive effect on the economy in 2017. Preparatory work is being done for other large investments on the economy in 2017 and further. The agreement being negotiated with Guangdong Zhenrong Energy (GZE) to upgrade the refinery, to expand the Curaçao Oil Terminal, and to build a brand new LNG plant for a total amount of USD 6 billion is the biggest development since the refinery was built in the early 20th century. Once an agreement is negotiated this should have a positive impact on the economy, in anticipation of the mega investments on the longer term.

In view of our growth strategy we expect the number of employees to grow to 60 in 2017. We believe firmly that our commitment to providing high quality service and personal attention in commercial banking, mortgages and international transactions will enable Vidanova Bank N.V. to continue to prosper.

Managing Board of Directors of Vidanova Bank N.V.:

L. Rigaud M. Thiel

Balance sheet as of 31 December, 2016

(After proposed appropriation of results)

	12.31.2016 ANG 000	12.31.2015 ANG 000
ASSETS		
Cash and due from banks	121,729	112,434
Investment securities	105	205
Loans and advances to customers	332,655	325,291
Bank premises and equipment	6,647	6,988
Goodwill and other intangible assets	8,933	8,301
Deferred tax asset	0	234
Other assets	6,237	6,619
TOTAL ASSETS	476,306	460,072
LIABILITIES AND STOCKHOLDER'S EQUITY LIABILITIES		
Customer deposits	388,173	373,110
Due to other banks	126	178
Deferred tax liabilities	1,953	1,597
Other liabilities	6,757	8,398
	397,009	383,283
Stockholder's equity		
Issued capital	5,000	5,000
Share premium	19,935	19,935
Other reserve	13,345	11,729
Retained earnings	41,017	40,125
	79,297	76,789
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	476,306	460,072

Income statement for the year ended 31 December, 2016

	2016 ANG 000	2015 ANG 000
Interest income	19,786	18,970
Interest expense	4,801	5,016
Net interest income	14,985	13,954
Fee and commission income	4,832	4,558
Fee and commission expenses	2,383	1,965
Net fee and commission income	2,449	2,593
Gains less losses from investment securities	36	42
Other operating income	2,744	1,856
	2,780	1,898
Operating income	20,214	18,445
Salaries and other employee expenses	7,819	7,557
Occupancy expenses	2,565	3,160
Net impairment losses on loans and advances	1,000	53
Other operating expenses	5,184	5,004
Operating expenses	16,568	15,774
Net result from operations	3,646	2,671
Net result before tax	3,646	2,671
Profit tax expense	(813)	(451)
Net result after tax	2,833	2,220

I Assets

	12.31.2016 ANG 000	12.31.2015 ANG 000
INVESTMENT SECURITIES		
Available for sale	105	105
Held to maturity	0	100
Total investments	105	205
Less allowance for losses	0	0
Net investments	105	205
	12.31.2016	12.31.2015
	ANG 000	ANG 000
LOANS AND ADVANCES TO CUSTOMERS		
Retail customers	152,367	151,530
Corporate customers	155,127	152,388
Other	32,251	27,759
Total loans and advances	339,745	331,677
Less allowance for loan losses	(7,090)	(6,386)
Net loans and advances	332,655	325,291
II Liabilities		
	12.31.2016	12.31.2015
	ANG 000	ANG 000
CUSTOMER DEPOSITS		
Retail customers	76,981	80,083
Corporate customers	106,418	82,936
Other	204,774	210,091
Total customer deposits	388,173	373,110

Report of the independent auditor on the consolidated financial highlights

TO THE SHAREHOLDERS, BOARD OF SUPERVISORY DIRECTORS AND MANAGING BOARD OF VIDANOVA BANK N.V.

The accompanying consolidated financial highlights, which comprise the balance sheet as of December 31, 2016, the income statement for the year ended December 31, 2016, and related notes, are derived from the audited financial statements of Vidanova Bank N.V. for the year ended December 31, 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 7 April 2017.

The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated financial highlights, therefore, is not a substitute for reading the audited financial statements of Vidanova Bank N.V.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL HIGHLIGHTS

Management is responsible for the preparation of the consolidated financial highlights in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten ("CBCS").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial highlights based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810.

"Engagements to Report on Summary Financial Statements."

OPINION

In our opinion, the consolidated financial highlights derived from the audited financial statements of Vidanova Bank N.V. for the year ended December 31, 2016 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 Institutions, as set by CBCS.

Curaçao, 11 April 2017
for Ernst & Young Accountants

C. Smorenburg RA AA
E.R. Statius van Eps CPA

Explanatory notes to the Consolidated Financial Highlights for the year ended 31 December, 2016

A. ACCOUNTING POLICIES

GENERAL

The principal accounting policies adopted in the preparation of the financial statements of Vidanova Bank N.V. ('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.

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 (CBCS). Our statutory financial statements, from which these Consolidated Financial Highlights have been derived, are prepared in accordance with International Financial Reporting Standards ("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 thousands, except when otherwise indicated.

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 2016, the Bank had no subsidiaries.

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' 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 classi-

fication 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.

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 (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 "Stock-holder'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.

