



## MANAGEMENT REPORT

### ECONOMIC SITUATION

According to the Centrale Bank van Curaçao en Sint Maarten (hereafter also to be referred to as "the CBCS"), the real Gross Domestic Product (GDP) increased by 0.2% in 2015. Unemployment has decreased to 12% (according to October 2015 figures) as the number of jobs grew substantially.

In 2016 the hospital construction will continue while several infrastructural projects are in execution. Expansion of the airport is in execution. Preparatory work is being done for large investments by Aqualectra, Curaçao Port Authority (CPA Megapier), Curail, as well as several hospitality projects that should have a positive impact on the economy in 2016 and further, if they get off the ground. As a consequence of the low oil prices there was minimal inflation in 2015 with similar expectations for 2016.

On the other hand the unstable situation in Venezuela is important for Curaçao because of the oil refinery, tourism, and the local airline (Insel Air). The reduced value of the Euro, as well as the Zika virus, is affecting 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 2015. At the same time, according to the CBCS credit extension has been decreasing by 2%.

### NEW BANKING SYSTEM

From the start of January 2015 till the start of November 2015 we have been implementing the new banking system. Signature from Fiserv. The

conversion was successful with the help of a Fiserv team, outside consultants as well as our own task force members who have worked very hard to make it happen. Since the conversion we are working on implementing upgrades and fixes in order to make the system run as smooth as possible.

### BALANCE SHEET

During 2015, SFT Bank N.V. saw a substantial increase in its loans and advances from ANG 298 million to ANG 325 million, while at the same time its due from banks and cash increased from ANG 94 million to ANG 112 million. As a consequence of the implementation of the new banking system, intangible assets increased from ANG 722 thousand to ANG 8.3 million. Mainly as a result of these changes, total assets increased from ANG 406 million to ANG 460 million.

On the liability side of the balance sheet, the increase in assets was accompanied by an increase of funding from ANG 324 million to ANG 373 million as we acquired more clients. And in preparation of the participation of Vidanova in SFT Bank a large amount of funds were transferred from other banks to the current account with us.

Shareholder's equity increased from ANG 75 million to ANG 77 million as a consequence of the addition of the result over 2015 and increase of additional capital.

### INCOME STATEMENT

Interest income and interest expenses both decreased slightly. The cumulative effect of these developments resulted in a fairly stable interest margin at ANG 14.0 million.

Net fee and commission income increased from ANG 2.3 million to ANG 2.6 million as a consequence of higher commissions. On the other hand the other operating income decreased substantially. Mainly because of this development, total operating income decreased from ANG 18.8 million to ANG 18.4 million.

Personnel expenses increased from ANG 7.0 million to ANG 7.6 million as we have paid higher compensation to personnel in connection with the IT conversion. With higher requirements of the new banking system, our office expenditure and depreciation expenses increased. In 2015 the addition to the bad debt provision of ANG 53 thousand was considerably lower than usual due to better performance of our doubtful clients. The cumulative effect of these developments resulted in a decrease in operating expenses from ANG 16.3 million to ANG 15.8 million.

The resulting profit before taxes is ANG 2.7 million for 2015. Taking into account the profit tax of ANG 451 thousand, the net profit is ANG 2.2 million.

### VIDANOVA

Per January 1st 2016, the Vidanova Pension Fund took a participation of 67% of the shares in SFT Bank. Vidanova Pension Fund was established in 1968 and as of December 31st 2015 has 5110 participants, 60 associated employers (sponsors), 8 employees and ANG 835 million in assets. The pension fund has participants and associated employers on Curaçao, Bonaire, Aruba, Sint Maarten, Saba and Sint Eustatius.

With this strategic alliance Vidanova intends to provide its participants with all possible financial services and products they need during their lifetime. SFT Bank entered into this mutually beneficial strategic partnership with a financially

strong entity that will continue to support the growth of the bank and endeavor to lift the products and services to the clients to an even higher level.

### RISK MANAGEMENT

In view of the slowly growing 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 has come out of recession in 2015. For 2016 the CBCS is predicting GDP growth of 0.5%. We expect gradual growth in interest income and fees & commissions. We currently have a well filled pipeline of prospects and we expect to be able to attract sufficient additional business to grow the portfolio substantially.

In view of our growth strategy we expect the number of employees to grow over 2016. We believe firmly that our commitment to providing an even higher 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.

## Explanatory notes to the Consolidated Financial Highlights for the year ended December 31, 2015

### A. ACCOUNTING POLICIES

#### GENERAL

The principal accounting policies adopted in the preparation of the financial statements of SFT 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 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 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 2015, 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 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.

### 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 "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.

## Consolidated Financial Highlights

### Balance sheet as of December 31, 2015

(After proposed appropriation of results)

	12.31.2015	12.31.2014
	ANG 000	ANG 000
<b>ASSETS</b>		
Cash and due from banks	112,434	94,326
Investment securities	205	1,102
Loans and advances to customers	325,291	298,243
Bank premises and equipment	6,988	6,919
Goodwill and other intangible assets	8,301	722
Deferred tax asset	234	476
Other assets	6,619	3,789
<b>TOTAL ASSETS</b>	<b>460,072</b>	<b>405,577</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>LIABILITIES</b>		
Customer deposits	373,110	323,866
Due to other banks	178	87
Deferred tax liability	1,597	1,388
Other liabilities	8,398	5,673
	<b>383,283</b>	<b>331,014</b>
<b>STOCKHOLDER'S EQUITY</b>		
Issued capital	5,000	4,994
Share premium	19,935	19,935
Other reserve	11,729	10,778
Retained earnings	40,125	38,856
	<b>76,789</b>	<b>74,563</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>460,072</b>	<b>405,577</b>

## Income statement for the year ended December 31, 2015

	2015	2014
	ANG 000	ANG 000
Interest income	18,970	19,056
Interest expense	5,016	5,155
<b>Net interest income</b>	<b>13,954</b>	<b>13,901</b>
Fee and commission income	4,558	3,936
Fee and commission expenses	1,965	1,630
<b>Net fee and commission income</b>	<b>2,593</b>	<b>2,306</b>
Gains less losses from investment securities	42	20
Other operating income	1,856	2,605
	<b>1,898</b>	<b>2,625</b>
<b>Operating income</b>	<b>18,445</b>	<b>18,832</b>
Salaries and other employee expenses	7,557	7,003
Occupancy expenses and impairment assets	3,160	2,048
Net impairment losses on loans and advances	53	1,501
Other operating expenses	5,004	5,703
<b>Operating expenses</b>	<b>15,774</b>	<b>16,255</b>
<b>Net result from operations</b>	<b>2,671</b>	<b>2,577</b>
<b>Net result before tax</b>	<b>2,671</b>	<b>2,577</b>
Profit tax expense	(451)	(402)
<b>Net result after tax</b>	<b>2,220</b>	<b>2,175</b>

## I Assets

	12.31.2015	12.31.2014
	ANG 000	ANG 000
<b>INVESTMENT SECURITIES</b>		
Available for sale	105	1,001
Held to maturity	100	101
<b>Total investments</b>	<b>205</b>	<b>1,102</b>
Less allowance for losses	0	0
<b>Net investments</b>	<b>205</b>	<b>1,102</b>
	<b>12.31.2015</b>	<b>12.31.2014</b>
	ANG 000	ANG 000
<b>LOANS AND ADVANCES TO CUSTOMERS</b>		
Retail customers	151,530	141,761
Corporate customers	152,388	144,011
Other	27,759	22,314
<b>Total loans and advances</b>	<b>331,677</b>	<b>308,086</b>
Less allowance for loan losses	(6,386)	(9,843)
<b>Net loans and advances</b>	<b>325,291</b>	<b>298,243</b>

## II Liabilities

	12.31.2015	12.31.2014
	ANG 000	ANG 000
<b>CUSTOMER DEPOSITS</b>		
Retail customers	80,083	80,088
Corporate customers	82,936	90,829
Other	210,091	152,949
<b>Total customer deposits</b>	<b>373,110</b>	<b>323,866</b>

## Independent auditor's report on the Consolidated Financial Highlights of SFT Bank N.V.

### INDEPENDENT AUDITOR'S REPORT

#### To: the Shareholders of SFT Bank N.V.

The accompanying Consolidated Financial Highlights 2015, which comprise the summary balance sheet as of December 31, 2015, 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, 2015. We expressed an unqualified audit opinion on those financial statements in our report dated April 29, 2016. 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 2015 do not contain all the disclosures required by the International Financial Reporting Standards as adopted by the European Union. Reading the Consolidated Financial Highlights 2015, therefore, is not a substitute for reading the audited financial statements 2015 of SFT Bank N.V.

#### MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the Consolidated Financial Highlights 2015 derived from the audited financial statements 2015 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 2015 based on our procedures, which were conducted 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 2015 derived from the audited financial statements of SFT Bank N.V. for the year ended December 31, 2015 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, issued by the Centrale Bank van Curaçao en Sint Maarten.

Amsterdam, April 29, 2016

Deloitte Accountants B.V.

Signed on the original

R.J.M. Maarschalk

*Inspired Banking!*

**SFT**  
BANK N.V.

More than just a bank.