

Consolidated Financial Highlights

31 DECEMBER, 2017



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) decreased with 1.4% in 2017 while inflation was 1.5%. Unemployment has increased from 13.3% to 14.1% (according to October 2017 figures) while youth unemployment is 32.8%.

In 2018 the CBCS foresees 0.3% growth. The hospital construction is in its last phase, the new operator of the Dry Dock will invest in the facilities, the renovation/expansion of the Marriott Hotel is in process. The expectation is that in 2018 a number of large investments by Aqualectra will commence (ANG 300M over several years). Several hospitality projects that should have a positive impact on the economy in 2018 and further are in their preparatory phase.

On the other hand the unstable situation in Venezuela is very concerning. The problems with the refinery mainly due to the difficulties (financial, legal, operational) of Petroleum de Venezuela S.A. (PdVSA) and the very bad quality of the oil (resulting in equipment failure) at the refinery and Curaçao Refinery Utilities (CRU) are also a major issue. The fact that the continuity of Insel Air, and more importantly, the air connectivity between the islands, is tenuous at best is not helping matters.

Another big challenge facing the monetary union (Curaçao and Sint Maarten) is a high deficit on the current account of the balance of payments. This problem is worsened by hurricane Irma. While the deficit for 2016 was ANG 1 Billion the estimates for 2017 is ANG 1,3 Billion and 2018 ANG 2 Billion. According to the Central Bank credit extension has been increasing again in 2016 and 2017 with 1.9% growth per October 2017.

CONSOLIDATED BALANCE SHEET

During 2017, Vidanova Bank realized an increase in its loans and advances from ANG 333 million to ANG 344 million, while at the same time its cash and due from banks decreased from ANG 122 million to ANG 92 million.

On the liability side of the consolidated balance sheet, the decrease in assets was accompanied by a decrease of customer deposits from ANG 388 million to ANG 376 million as the over-liquidity was reduced. Shareholder's equity increased from ANG 79 million to ANG 80 million as a consequence of the addition of the result over 2017.

CONSOLIDATED INCOME STATEMENT

Interest income increased with ANG 0,5 million while interest expenses increased with less than ANG 0,1 million. The cumulative effect of these developments resulted in an ANG 0,4 million increase in interest margin to ANG 15,4 million.

Total operating income increased from ANG 20,2 million to ANG 20,6 million.

In 2017 the addition to the bad debt provision of ANG 2,2 million was much higher than normal as a consequence of the demise of a large client. In 2016 the addition to bad debts was ANG 1 million. Other operating expenses increased from ANG 5,1 million to ANG 5,9 million as we had a substantial increase in consultancy and marketing expenses. Personnel expenses increased from ANG 7,8 million to ANG 8,2 million as a consequence of the hiring of 4 additional employees. The cumulative effect of these developments resulted in an increase in operating expenses from ANG 16,6 million to ANG 19,2 million.

The resulting profit before taxes is ANG 1,4 million for 2017 (2016: ANG 3,6 million). Taking into account the profit tax of ANG 0,3 million, the net profit is ANG 1,1 million. (2016: ANG 2,8 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.

OUTLOOK 2018

In 2018 the CBCS foresees 0.3% growth. Several large projects are under construction and will have a positive effect on the economy in 2018. Preparatory work is being done for other large investments in 2018 and further.

In view of the Venezuelan developments and their repercussions on our economy there is a real chance that the Curaçao economy will suffer more setbacks in 2018. A big uncertainty is whether PdVSA will be able to keep the refinery operating till the end of 2019 and whether a serious partner will be found to modernize the refinery and guarantee its long term survival.

In view of our growth strategy we expect the number of employees to grow with another 3 employees. We believe firmly that our commitment to providing high quality service and personal attention in commercial banking, mortgages, international transactions, e-commerce and bond/loan agency will enable Vidanova Bank to continue to prosper.

MANAGEMENT

Per February 1, 2018, Reinildo de Lanoy started to work with Vidanova Bank as managing director. The management is in the hands of Leopold Rigaud, Mayra Thiel and Reinildo de Lanoy as Managing Directors.

Managing Board of Directors of Vidanova Bank N.V.:
L. Rigaud, M. Thiel & R. de Lanoy

Explanatory notes to the Consolidated Financial Highlights for the year ended 31 December, 2017

A. ACCOUNTING POLICIES

1 GENERAL

The principal accounting policies adopted in the preparation of the consolidated 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 consolidated 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 (CBCS). Our statutory consolidated 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 consolidated 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.

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. Vidanova Asset Holding B.V. was founded in 2017 and is a wholly-owned subsidiary of the Bank. The consolidated financial statements of the Bank for the year ended December 31, 2017 comprise of the Bank and its subsidiary.

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' 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 (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 consolidated financial statements of the Bank.

Consolidated Balance sheet as of 31 December, 2017

(After proposed appropriation of results)

	12.31.2017	12.31.2016
	ANG 000	ANG 000
ASSETS		
Cash and due from banks	91,915	121,729
Investment securities	106	105
Loans and advances to customers	344,372	332,655
Bank premises and equipment	6,734	6,647
Goodwill and other intangible assets	9,239	8,933
Investment property	654	0
Other assets	11,721	6,237
TOTAL ASSETS	464,741	476,306
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Customer deposits	376,073	388,173
Due to other banks	15	126
Deferred tax liabilities	1,298	1,953
Other liabilities	6,975	6,757
	384,361	397,009
Stockholder's equity		
Issued capital	5,000	5,000
Share premium	19,935	19,935
Other reserve	10,370	13,345
Retained earnings	45,075	41,017
	80,380	79,297
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	464,741	476,306

I Assets

	12.31.2017	12.31.2016
	ANG 000	ANG 000
INVESTMENT SECURITIES		
Available for sale	106	105
Less allowance for losses	0	0
Net investments	106	105
	12.31.2017	12.31.2016
	ANG 000	ANG 000
LOANS AND ADVANCES TO CUSTOMERS		
Retail customers	170,643	152,367
Corporate customers	145,816	155,127
Other	36,431	32,251
Total loans and advances	352,890	339,745
Less allowance for loan losses	(8,519)	(7,090)
Net loans and advances	344,372	332,655

II Liabilities

	12.31.2017	12.31.2016
	ANG 000	ANG 000
CUSTOMER DEPOSITS		
Retail customers	80,842	76,981
Corporate customers	81,144	106,418
Other	214,087	204,774
Total customer deposits	376,073	388,173

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 consolidated balance sheet as of December 31, 2017, the consolidated income statement for the year ended December 31, 2017, and related notes, are derived from the audited consolidated financial statements of Vidanova Bank N.V. for the year ended December 31, 2017. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 20 April 2018.

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 consolidated 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 consolidated financial statements of Vidanova Bank N.V. for the year ended December 31, 2017 are consistent, in all material respects, with those consolidated financial statements, in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by CBCS.

Curaçao, 24 April 2018
60733308 120/21942

for Ernst & Young Accountants

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

Consolidated Income statement for the year ended 31 December, 2017

	2017	2016
	ANG 000	ANG 000
Interest income	20,282	19,786
Interest expense	4,877	4,801
Net interest income	15,405	14,985
Fee and commission income	5,168	4,832
Fee and commission expenses	2,763	2,383
Net fee and commission income	2,405	2,449
Gains less losses from investment securities	32	36
Other operating income	2,802	2,744
	2,834	2,780
Operating income	20,644	20,214
Salaries and other employee expenses	8,233	7,819
Occupancy expenses	2,820	2,565
Net impairment losses on loans and advances	2,249	1,000
Other operating expenses	5,957	5,184
Operating expenses	19,259	16,568
Net result from operations	1,385	3,646
Net result before tax	1,385	3,646
Profit tax expense	(302)	(813)
Net result after tax	1,083	2,833



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