Consolidated Financial Highlights

31 December 2021

VIDANOVA BANK

Management report

GENERAL

The effect of the Covid-19 pandemic has continued to severely impact the business and financial institutions on the Island. Banks were forced to come up with new ways of doing business and enhanced the risk assessment strategies. We have noticed that the economic ramifications caused by the Covid-19 pandemic on our borrowers were limited. Our financial performance in 2021 was challenged by among others the quarantines and lockdowns due to the Covid-19 in the beginning of the year and the low interest rate environment. Despite the challenging environment Vidanova Bank N.V. remained well positioned to cope with any future stress scenarios. Our strong capital and liquidity positions remained well above regulatory minimum requirements while the Bank generated ANG 2.6 million in net income which is 21% more than in 2020.

ECONOMIC ENVIRONMENT

Due to the surge in tourism in the second half of 2021 the CBCS has revised the 2021 GDP figure upward to 1.7% while the forecast for 2022 is 6.6%. According to the CBCS the outlook beyond 2022 is one of moderate growth depending, obviously, on the prevalence of homegrown or external shocks. Inflation is expected to reach 4.9% in 2022.
Unemployment is projected to remain high in 2022 at 18.3%, however reading the papers and in conversation with clients one gets a totally different picture of shortages of (skilled) labor. It is very probable that many people find jobs in the informal sector (hospitality and construction).
The budget deficit for 2022 is expected at -5% which is an improvement over the -15% in 2020 and the -11% in 2021. The national debt is expected to decrease as a percentage of GDP from 90% in 2021 to 87% in 2022 as a consequence of economic growth.
The Balance of Payments deficit is expected to improve from -26% of GDP (2021) to -17% (2022) while external financing is expected to decrease from 26% of GDP (2021) to 14% (2022). Import coverage at 7 months is very strong (standard = 3 months).

In the last quarter of 2021 and the first quarter of 2022 we saw a rising demand for luxury real estate (apartments/bungalows) and an impressive number of projects being presented to us for financing. These projects range from middle class to super deluxe water/beach-front apartments/houses. As interest rates internationally were at an all-time low and real estate prices have been going through the roof worldwide in 2020 and 2021, demand from the Dutch market is very high while other markets like Belgium, Germany, USA and Canada also show interest.

CONSOLIDATED BALANCE SHEET

During 2021, Vidanova Bank realized a satisfactory increase of 7% in its net loans and advances from ANG 404 million to ANG 428 million, while its other assets decreased from ANG 20 million to ANG 4 million and due from banks increased substantially with 60% from ANG 162 million to ANG 259 million.
On the liability side of the statement of financial position, the increase in assets was accompanied by a significant increase of 20% of funds entrusted from ANG 501 million to ANG 602 million. Shareholders' equity increased to ANG 89 million.

CONSOLIDATED INCOME STATEMENT

Interest income decreased with ANG 1.1 million while interest expenses increased with ANG 0.7 million. The cumulative effect of these developments resulted in a decrease in net interest margin from ANG 18.9 million to ANG 17.2 million.
Net commission income decreased from ANG 1.043 thousand to ANG 943 thousand. Whereas e-commerce fees, loan fees, agency fees and other fees increased, the expenses related to these fees increased in comparable fashion.
Total operating income decreased from ANG 23.1 million to ANG 22.8 million.
Personnel expenses increased from ANG 9.4 million to ANG 10.9 million as we needed to increase staff to handle the increased business.
In 2021 the expected credit loss provision amounted to minus ANG 1.5 million, primarily due to the better performance of the loans.
The cumulative effect of these developments resulted in a decrease in operating expenses from ANG 21.6 million to ANG 19.6 million.
The resulting operating profit is ANG 3.1 million (2020: ANG 1.9 million) and the net profit increased from ANG 2.1 million to ANG 2.6 million.

OUTLOOK

While the outlook for 2022 looks promising the resurgence of a new and dangerous Covid strain could hamper the growth prospects.
The implementation of the Landenpakket can both strengthen the recovery (structural measures) as dampen the recovery (fiscal measures, cuts in salaries).
Further international supply chain disruptions, as a consequence of the war in Ukraine, may lead to further inflation with a negative effect on growth. Whether this worrisome development will have severe consequences for the world economy remains to be seen, but one would expect negative consequences.
On the other hand a restart of the refinery due to changed circumstances in the energy market in 2022 would have positive effects on economic growth.

Despite the uncertainty we see opportunities for growth based on the booming real estate market on Curacao as well as further expansion on Aruba, Bonaire and Sint Maarten. 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 N.V. to continue to prosper.

At the start of 2022 we have encountered a setback with the loss of a correspondent bank but we have managed to find a replacement immediately and have continued to strengthen our correspondent banking network by adding another correspondent.

An extended effort is taking place to make Vidanova Bank N.V. a better, improved and more efficient business with our focus on further developing our core businesses. Digital technologies and services will continue to be one of our focal points going forward.

We are convinced that our strategy will further benefit our clients, staff and our shareholder. We once more want to thank our clients, staff and shareholder for making it possible to continue to be more than just a bank.

Curaçao, April 8, 2022

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

L. Rigaud, R. de Lanoy & A. Hammoud

VIDANOVA BANK

Independent auditor's report
on the Consolidated Financial Highlights

Opinion

The accompanying consolidated financial highlights, which comprise the consolidated balance sheet as at 31 December 2021 and consolidated income statement for the year then ended and related notes, are derived from the audited consolidated financial statements of Vidanova Bank N.V. ("the Bank") for the year ended 31 December 2021

In our opinion, the accompanying consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements of the Bank, 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").

Consolidated financial highlights

The accompanying consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the accompanying consolidated financial highlights and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of the Bank and our auditor's report thereon.

The audited consolidated financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the consolidated financial statements

2021 of the Bank in our auditor's report dated 8 April 2022.

Responsibilities of management for the consolidated financial highlights

Management is responsible for the preparation of the accompanving consolidated financial highlights in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the CBCS.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the accompanying consolidated financial highlights are consistent, in all

material respects, with the audited consolidated financial statements of the Bank based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Curacao, 8 April 2022
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for Ernst & Young Accountants

C. Smorenburg RA AA

Consolidated Balance
sheet as of 31 December, 2021

(After proposed appropriation of results)	12.31.2021 ANG 000	12.31.2020 ANG 000
ASSETS		
Cash and due from banks	259,187	162,276
Investment securities	1,007	107
Loans and advances to customers	427,973	404,348
Bank premises, equipment and investment properties	6,833	7,578
Goodwill and other intangible assets	9,832	9,386
Deferred tax assets	663	1,325
Other assets	3,982	20,284
Total assets	**709,477**	**605,304**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Customer deposits	601,750	500,593
Due to other banks	110	56
Deferred tax liabilities	1,530	1,559
Other liabilities	7,285	6,882
Loans from related party	10,000	10,000
	620,675	519,090
Stockholder's equity		
Issued capital	5,000	5,000
Share premium	19,935	19,935
Other reserve	12,877	12,677
Retained earnings	50,990	48,602
	88,802	86,214
Total liabilities and stockholders' equity	**709,477**	**605,304**

Consolidated Income statement
for the year ended 31 December, 2021

	2021 ANG 000	2020 ANG 000
Interest income	23,501	24,578
Interest expense	6,311	5,638
Total net interest income	**17,190**	**18,940**
Fee and commission income	4,120	3,153
Fee and commission expenses	3,177	2,110
Total net fee and commission income	**943**	**1,043**
Other operating income	4,652	3,477
Total other operating income	**4,652**	**3,477**
Total operating income	**22,785**	**23,460**
Salaries and other employee expenses	10,916	9,404
Occupancy expenses	3,824	3,416
Net impairment losses/ (gain) on loans and advances	(1,523)	1,928
Other operating expenses	6,410	6,831
Total operating expenses	**19,627**	**21,579**
Net result from operations before tax	**3,158**	**1,881**
Profit tax (expense)/ income	(570)	251
Net result after tax	**2,588**	**2,132**

B. SPECIFICATION OF ACCOUNTS

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

I Assets

	12.31.2021 ANG 000	12.31.2020 ANG 000
INVESTMENT SECURITIES		
Shares, participations and securities	1,007	107
Net investments	**1,007**	**107**

	12.31.2021 ANG 000	12.31.2020 ANG 000
LOANS AND ADVANCES TO CUSTOMERS		
Retail customers	196,532	184,330
Corporate customers	132,768	130,859
Other	104,643	97,009
Total loans and advances to customers	**433,943**	**412,198**
Accrued interest receivable on loans and advances	1,783	2,452
Less: allowance for expected credit losses	(7,753)	(10,302)
Net loans and advances to customers	**427,973**	**404,348**

II Liabilities

	12.31.2021 ANG 000	12.31.2020 ANG 000
CUSTOMER DEPOSITS		
Retail customers	121,167	100,765
Corporate customers	137,162	106,513
Other	343,421	293,315
Total customer deposits	**601,750**	**500,593**

Explanatory notes
to the Consolidated Financial Highlights for the year ended 31 December 2021

A. ACCOUNTING POLICIES

- **GENERAL**
  The principal accounting policies adopted in the preparation of the consolidated financial highlights of Vidanova Bank N.V. ('the Bank') are set out below. These explanatory notes are an extract of the detailed notes included in the consolidated 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 consolidated financial statements, from which these Consolidated Financial Highlights have been derived, are prepared in accordance with International Financial Reporting Standards ("IFRS")' and book 2 of the Curacao Civil Code 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.

The statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for good and services.

- **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, 2021 comprise of the Bank and its subsidiary.

- **CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS**
  Classification and subsequent measure-ment of the financial assets depend on:

  i. The Bank's business model for managing the asset; and
  ii. the cash flow characteristics of the asset.
  Based on these factors the Bank classifies its debt instruments into one of the following two measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are designated at fair value through profit and loss (FVPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance as further described below. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

- **Fair value through profit and loss ("FVPL"):** Assets that do not meet the criteria for amortised cost are measured at fair value through profit and loss. These assets are unquoted equity securities that are held for trading purposes. A gain or loss on such an equity investment is subsequently measured at fair value through profit of loss. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

Business model assessment
The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows from the assets. If this condition is not applicable (unlisted equity securities), then the financial assets are classified as part of 'other' business model and measured at FVPL.

SPPI
The Company's business model for the loans and advances is to hold and collect the contractual cash flows. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Company considered whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement and concluded that the portfolio of loans and advances passed the SPPI test.

Derecognition of financial assets
The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. If the terms are substantially different, the Company derecognizes a 'new' asset and recalculates a new effective interest rate for the asset.

Expected credit loss principles
Based on IFRS 9 the financial assets and loan commitments are grouped into Stage 1, Stage 2 and Stage 3 as described below.

- **Stage 1:** When financial assets (loans) are first recognised, the Company recognizes an allowance based on twelve months' ECLs. Stage 1 financial assets also include facilities where the credit risk has improved, and the financial asset has been reclassified from Stage 2.
- **Stage 2:** When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECLs. Stage 2 financial assets also include facilities, where the credit risk has improved, and the financial asset has been reclassified from Stage 3.
- **Stage 3**: Financial assets considered credit-impaired and the Company records an allowance for these Lifetime ECLs.

Calculation of Expected credit losses
The key elements of the ECL calculations are as follows:

- The Probability of Default (PD)is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period

- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is expressed as a percentage of the EAD.

In its ECL model, the Bank relies on a broad range of forward looking information as economic inputs such as GDP growth and unemployment rates. The inputs and models used for calculating ECLs may not always capture all the characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.