Consolidated Financial Highlights

MCB
MADURO & CURIEL'S BANK

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Consolidated Balance Sheet of Maduro & Curiel's Bank N.V. and its subsidiaries as at December 31, 2021

(All amounts are expressed in thousands of Antillean Guilders)	2021	2020
ASSETS		
Cash and due from banks	3,545,342	2,851,439
Investment securities	1,251,679	877,376
Loans and advances to customers	4,299,466	4,253,604
Customers' liability under acceptances	3,639	1,506
Other assets	51,510	50,517
Bank premises, equipment and right-to-use assets	185,835	194,894
Deferred tax assets	8,963	10,169
TOTAL ASSETS	**9,346,434**	**8,239,505**
LIABILITIES AND EQUITY		
Liabilities		
Customers' deposits	8,016,408	7,008,245
Due to banks	20,559	15,616
Acceptances outstanding	3,639	1,506
Profit tax liabilities	22,013	15,936
Lease liabilities	11,613	13,398
Other liabilities	97,990	105,246
Provisions	41,879	62,940
Deferred tax liability	12,420	16,682
	8,226,521	**7,239,569**
Equity		
Share capital	51,000	51,000
General reserve	12,500	12,500
Other reserves	203,188	199,092
Retained earnings	853,225	737,344
	1,119,913	**999,936**
TOTAL LIABILITIES AND EQUITY	**9,346,434**	**8,239,505**

Consolidated Income Statement of Maduro & Curiel's Bank N.V. and its subsidiaries for the year ended December 31, 2021

(All amounts are expressed in thousands of Antillean Guilders)	2021	2020
Interest income	268,971	287,095
Interest expense	13,903	15,352
Net interest income	**255,068**	**271,743**
Fee and commission income	212,984	184,926
Fee and commission expenses	95,756	75,352
Net fee and commission income	**117,228**	**109,574**
Income from foreign exchange transactions	47,048	41,267
Other operating income	-	15,959
Operating income	**419,344**	**438,543**
Salaries and other employee expenses	168,792	146,521
Occupancy expenses	31,693	31,493
Credit loss expenses/(income) on financial assets and contingent liabilities	9,136	86,704
Other operating expenses	74,177	76,185
Operating expenses	**283,798**	**340,903**
Net result before tax	**135,546**	**97,640**
Profit tax	22,635	14,249
NET RESULT AFTER TAX	**112,911**	**83,391**

Independent auditor's report on the audit of 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 Maduro & Curiel's 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 23 March 2022.

Other information
Other information consists of the Management's Report. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated, as is required by article 121 sub 3 Book 2 of the Curaçao Civil Code. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the consolidated financial highlights
Management is responsible for the preparation of the accompanying 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.

Curaçao, 14 April 2022

for Ernst & Young Accountants

drs. R.J.W. van Nimwegen RA

Explanatory notes to the Consolidated Financial Highlights as at December 31, 2021

A. ACCOUNTING POLICIES

1. GENERAL
The principal accounting policies adopted in the preparation of the Consolidated Financial Highlights of Maduro & Curiel's Bank N.V. and its subsidiaries (the 'Group') 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.

2. BASIS OF PREPARATION
The consolidated financial statements, from which the Consolidated Financial Highlights have been derived, are prepared in accordance with International Financial Reporting Standards ('IFRS').

The figures presented in these highlights are stated in thousands of Antillean Guilders and are rounded to the nearest thousand.

The accounting policies used have been consistently applied by the Group and are consistent, in all material respects, with those used in the previous year.

The statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss, and financial assets that are measured at amortized cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. BASIS OF CONSOLIDATION
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The following subsidiaries have been consolidated as of December 31, 2021:
- Caribbean Mercantile Bank N.V. and subsidiary
- The Windward Islands Bank Ltd.
- Maduro & Curiel's Bank (Bonaire) N.V. and subsidiary
- Maduro & Curiel's Insurance Services N.V.
- MCB Risk Insurance N.V.
- MCB Group Insurance N.V.
- MCB Securities Holding B.V.
- MCB Securities Administration N.V.
- Progress N.V.
- MCB Holding International VBA and subsidiaries

4. CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS
Classification and subsequent measurement of the financial assets depend on:
(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Based on these factors, the Group 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 not designated at Fair Value Trough Profit or loss (FVTPL), are measured at amortized 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 or loss ("FVTPL"):
Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. These assets are unquoted equity securities that are not held for trading purposes. A gain or loss on such an equity investment is subsequently measured at fair value through profit or 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 Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect 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 FVTPL.

SPPI
Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers 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. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

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

Financial assets are derecognized when the rights to receive cash flows from the investments have expired.

Expected credit loss principles
Based on IFRS 9 the financials assets and loan commitments ('financial assets') are grouped into Stage 1, Stage 2 and Stage 3 as described below:
- Stage 1: When financial assets are first recognized, the Group 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 Group records an allowance for these 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 Group 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 models, the Group relies on a broad range of forward looking information as economic inputs such as GDP growth, Unemployment rates and the Consumer Price Index. The inputs and models used for calculating ECLs may not always capture all 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.

B. SPECIFICATION OF ACCOUNTS

(All amounts are expressed in thousands of Antillean Guilders)	2021	2020
I ASSETS		
Investment securities		
Debt securities at amortized cost	1,242,769	868,846
Financial assets at fair value through profit or loss	4,945	4,945
Total investment securities	**1,247,714**	**873,791**
Accrued interest receivables on debt securities	4,450	4,265
Less: allowance for expected credit loss	(485)	(680)
NET INVESTMENTS	**1,251,679**	**877,376**
Loans and advances to customers		
Retail customers	1,834,525	1,700,614
Corporate customers	2,430,944	2,486,312
Public sector	166,553	203,745
Other	46,564	46,286
Total loans and advances to customers	**4,478,586**	**4,436,957**
Accrued interest receivable on loans and advances	9,651	11,563
Less: allowance for loan impairment	(188,771)	(194,916)
NET LOANS AND ADVANCES TO CUSTOMERS	**4,299,466**	**4,253,604**
II LIABILITIES		
Customers' deposits		
Retail customers	2,899,040	2,770,049
Corporate customers	4,401,170	3,560,999
Other	713,238	673,916
	8,013,448	7,004,964
Accrued interest payable on customers' deposits	2,960	3,281
TOTAL CUSTOMERS' DEPOSITS	**8,016,408**	**7,008,245**

Our Financial Statements and Other Highlights

- The MCB-Group consists of 15 companies operating local and international businesses on the six islands of the Dutch Caribbean with offices and branches based in Curaçao, Aruba, Sint Maarten, Bonaire, St. Eustatius and with only an ATM on Saba. The information contained in these consolidated highlights represents the total of the financial statements of all 15 members of the MCB-Group.
- The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS').
- We continue to provide more than the required disclosures and transparency of our financial statements and we are ready and more than willing to discuss and clarify any aspect of these reports or statements.

Balance Sheet and Equity

- Our MCB-Group is represented by a solid consolidated balance sheet as well as strong individual balance sheets of our subsidiaries with good quality assets and high liquidity as key strengths to withstand the uncertain and complex business environment. All stakeholders can count and rely on the Group's Management and the Supervisory Board's advice and counsel in continuing to further strengthen and build the Bank's balance sheet and capital position.
- Notwithstanding the significant impact of Covid-19, the Bank was able to grow in key areas relating to capital, solvency and liquidity and we reached three milestones regarding our "Total Assets", our "Customers' deposits" and our "Equity".
- After surpassing a balance sheet total of NAF 8 billion at the end of 2020, the MCB-Group's balance sheet surpassed the NAF 9 billion mark per December 31, 2021 for the first time.
- The total assets on the balance sheet grew with NAF 1,107 million (13%) to reach a record NAF 9,346 million. The main growth factor was the increase in "Customers' deposits" with NAF 1,008 million.
- For the first time the "Customers' deposits" passed the NAF 8 billion mark growing a substantial 14% to NAF 8,016 million.
- We have observed growth in our deposits on all islands from each of our Retail, Corporate and Other client groups and are extremely grateful for the trust and confidence that our customers have in our MCB-Group. While proud of this substantial growth, the Bank's management and all employees are very much aware of our responsibility towards our many stakeholders and especially our depositors to manage and invest these funds in a very responsible manner.
- The majority (54%) of the deposits is used for the financing of our local businesses and personal relations. Despite the second challenging year due to the pandemic and lockdowns in our markets, our loan portfolio grew 1% with NAF 45.9 million to NAF 4.3 billion. The "Loans and advances to customers" grew mainly due to a substantial increase in our residential mortgages in all jurisdictions. During the year, we assisted certain clients with temporary payment holidays and restructured facilities where necessary in order to alleviate the (economic) consequences of the pandemic.
- The remainder of the deposits was invested conservatively and responsibly in "Investment securities" (NAF 1,252 million) and in "Cash and due from banks" for NAF 3,545 million. The extremely low USD interest environment continued in 2021 at close to 0%, causing the income from these sources (US- Treasury Bills and deposits with Correspondent banks) to decrease substantially with 41% compared to 2020. Due to the inflationary pressures, we expect the system of Central Bank in the USA (FED) to gradually increase the interest rates in 2022.
- The decrease in "Provisions" with 33% was mainly caused by the release in provisions for Post- Retirement Medical benefits in Sint Maarten, due to a change in the medical benefits program.
- For the first time in our Bank's 105 year history our "Shareholders equity" surpassed the NAF 1 billion mark and reached NAF 1.1 billion for a growth of 12%. Besides the annual additions to retained earnings, this strong and solid equity position is also the result of a stipulation from the Centrale Bank van Curaçao en Sint Maarten (CBCS) to not distribute dividends in 2020 and 2021.

Profit & Loss Statement

- The income presented in our financial statements is derived from both local and international activities of the Group and continue to be well diversified.
- The Covid-19 pandemic continued in 2021 and will remain cause for concern for the public health and the economies of our islands for a long time. Despite the vaccination programs that started in February there was a surge in contaminations and at the end of the 1st quarter and beginning of 2nd quarter, several of our Governments decided to have the islands in lockdown again for several weeks, with closure of schools, stores, restaurants and our borders. This resulted in a substantial decrease in business volumes and associated income in most sectors of our economies.
- Fortunately since June 2021, the measures were mostly lifted and tourist arrivals resumed across the islands, especially from the Netherlands and the USA. This resulted in a substantial increase in economic activity for several (tourist related) economic sectors and a good second half of the year.
- It is thanks to the second half of the year, characterized by increased volumes, coupled with internal restructuring resulting in increased efficiency which accelerated our Group's "Net result after tax" considerably compared to 2020 with NAF 29.5 million (35%).
- Important driver for this improvement in net result is the sharp decrease in "Credit loss expenses on financial assets and contingent liabilities" with NAF 77.6 million or 89%. The improved economic conditions, management's outlook and the good health of our clients and related loan quality were the main factors for the decrease in "Credit loss expenses".
- On the revenue side, as mentioned previously interest rates in the international and local markets continued at (very) low levels, resulting in a further decrease in "Net interest income" with 6% or NAF 16.7 million. Due to the international market conditions and local competition, the net interest margin has been decreasing steadily for at least the last 10 years.
- On the other hand, the increased economic activity and international transactions in the second half of the year especially in tourism related sectors resulted in the "Net fee and commission income" to grow 7% or NAF 7.7 million. At the same time the "Income from foreign exchange transactions" increased with 14% or NAF 5.8 million.
- In combination, the decrease in net interest income and other operating income, and increase in transaction related fee income resulted in a lower "Operating income" of NAF 19.2 million (-4%).
- The increase in "Salaries and other employee expenses" with NAF 22.3 million was influenced by the measures taken in 2020 and 2021, whereby in 2020 there was a one-time large decrease in *Post-retirement medical benefits* with NAF 64 million. The restructuring measures taken in the last two years resulted in the structural decrease in direct salaries and benefits with more than 8%.
- The total "Operating expenses" decreased with NAF 57.1 million or 17%, mainly due to the previously mentioned substantial decrease in "Credit loss expenses", in combination with the increase in "Salaries and other employee expenses".
- Our loyal clients and dedicated employees showed resiliency, flexibility and perseverance through lockdowns and uncertainty. We are very proud and grateful to them for our net performance improvement to NAF 113 million.

Loans

- Due to uncertainties from the pandemic we continued working with our clients to restructure their facilities and created loan and repayment agreements in accordance with their situation, possibilities and outlook.
- Notwithstanding the difficult period of the pandemic our "Loans and advances to customers" increased by NAF 45.9 million (1%) to NAF 4.3 billion.
- Loans to Corporate customers and Public sectors decreased due to reduced business activity with NAF 92.6 million, however our Retail customer portfolio grew by a substantial NAF 134 million, thanks mostly to the increase in residential mortgages on all islands.
- The quality of our portfolio remains healthy and our "Allowance for loan impairment" decreased with NAF 6 million.

Taxes

- MCB-Group's contribution to the public coffers of our countries increased largely in 2021 due to the improved economies and operating performance. The total of all the taxes, fees and premiums paid in 2021 reached nearly NAF 135 million.
- Our employees paid wage taxes amounting to NAF 25 million, and the social premiums paid were NAF 23 million.
- MCB-Group's profit tax obligation resulting from operations in 2021 was NAF 23 million, while our Group also paid NAF 7 million in turnover taxes.
- The foreign exchange license fee collected on behalf of the Central Banks to be remitted to the Governments amounted to NAF 57 million.

Employment

- Very early in the initial lockdown in March 2020, management expected the business environment to change drastically and actively reviewed the internal operations of MCB-Group and looked for improvements in service levels and efficiency opportunities. In 2021 these processes continued and to give our younger colleagues new opportunities, the early retirement option for qualified employees was extended. We also further consolidated and centralized functions and activities within islands and within the Group and established a remote working model that was formalized early 2022 as the "MCB hybrid working model". Employees have the flexibility to work from home and have a minimum number of weekly "office days".
- These actions resulted in more efficiencies and flexibility for our employees. At the same time, the "Group culture" was strengthened with several colleagues being promoted and others pursuing their careers on other islands in challenging yet rewarding positions. As at December 31, 2021, MCB-Group employed 1,288 compared to 1,350 at the end of 2020.
- In 2021, MCB-Group paid its employees NAF 96 million in salaries, not including social benefits, pensions, medical and other insurances.

Our communities

- The year 2021 was our Group's 105th anniversary. With the Covid-19 pandemic we found it fit to use our funds and efforts even more consciously to contribute more to our communities.
- The vaccination program in February was very hopeful, yet in March due to a new wave of a variant of the initial Corona virus, islands again went into internal lockdown. The pandemic would clearly continue the whole year and remain a source of concern for the next couple of years. All in the health care sector, hospitals, nursing homes and pop-up vaccination centers did tremendous work to help, treat and save lives of our citizens. Regrettably many became very sick and too many passed away. Some businesses had to permanently close their doors and many lost much of their income, but showed flexibility and adapted to lower income levels.
- Fortunately the second half of the year, the reopening of the islands showed some relief to our citizens and businesses. The needs within our communities were still large and our Bank assisted where possible on all the islands with monetary contributions, expertise, advice and volunteers to the several Food banks, hospitals, schools, churches, sports clubs, service clubs and Governments.
- If there is one thing the pandemic taught us, it is that it again confirmed the importance for us all to take care of our mental and physical health and to prevent getting seriously ill if possible.
- We are proud to have given the 25th MCB-Prize in 2021 to Fundashon Prevenshon. A foundation launched in 2008 by renowned oncologist Dr. Bob Pinedo and our own longtime President Lio Capriles as a private initiative with the goal to create a center of prevention by screening our population to detect certain forms of cancer at an early stage. The Foundation has done this free of charge and plans to further enhance their screening programs, whereby, many lives have been and continue to be saved.

The Future

- As always it is nearly impossible to envision the future (who could have imagined the Russian invasion of Ukraine?), but several trends can be observed. The pandemic accelerated trends and changes like digitalization of transactions and services through mobile- online and video-banking, flexible working hours, remote working environments, hybrid working models and more.
- Our Group continues to innovate and thereto our online and mobile offerings have been improved and enhanced, we rolled out our contactless POS terminals on all islands making it possible to pay with Apple Pay, Google Pay and contactless cards. We are developing the new Bankomatiko (MasterCard debit) card and improving our Contact Center as well as our website services. We are re-imagining the design and services in our branches and much more changes and innovations to be "future proof".
- Our Regulators are also working to improve the service levels and reputation of the sector. The local banks together with the Central Banks implemented "Instant Payments"; an innovation to have payments between banks and islands be executed within seconds instead of 2 days. The Central Bank is also planning to implement a more extensive Corporate Governance code for the sector, and introduce a deposit insurance scheme.
- All the trends and changes in client behavior, competitive environment, diversity and inclusiveness, cybercrime, privacy guidelines, regulatory and ESG compliance are coming to us rapidly and in accelerated fashion. As a sector and as MCB-Group we must be prepared, responsive, innovative and flexible enough to adapt and even lead these changes while focusing on our purpose to service and care for our clients.
- As always and even more than before we thank our loyal employees for their flexibility, dedication and support in 2021, our Board for their continued advice, counsel and oversight, our shareholders for their understanding and patience, and our regulators for their supervision. Lastly, we thank our communities that we serve and care for and our citizens for their resilience and perseverance.