Combined Financial Highlights

WIB WINDWARD ISLANDS BANK

www.wib-bank.net

Combined balance sheet of The Windward Islands Bank Ltd. and The Windward Islands Bank International N.V. as at December 31, 2021

(All amounts are expressed in thousands of Antillean Guilders)	2021	2020
ASSETS		
Cash and due from banks	109,147	161,685
Due from affiliates	1,038,247	892,031
Investment securities	87,645	99,138
Loans and advances to customers	592,241	567,652
Other assets	7,746	6,509
Customers' liability under acceptances	2,053	249
Bank premises, equipment and right-to-use assets	30,633	32,613
Deferred tax assets	1,263	1,817
TOTAL ASSETS	1,868,976	1,761,694
LIABILITIES AND EQUITY		
Liabilities		
Customers' deposits	1,592,228	1,495,325
Due to banks	2,981	626
Due to affiliates	1,870	331
Profit tax liabilities	4,679	2,026
Lease liabilities	4,547	5,423
Acceptances outstanding	2,053	249
Other liabilities	13,470	13,276
Provisions	6,696	14,810
Deferred tax liability	2,762	3,759
	1,631,285	1,535,825
Equity		
Share capital	156,794	156,794
Other reserves	27,804	16,253
Retained earnings	53,093	52,822
	237,691	225,869
TOTAL LIABILITIES AND EQUITY	1,868,976	1,761,694

Combined income statement of The Windward Islands Bank Ltd. and The Windward Islands Bank International N.V. as at December 31, 2021

(All amounts are expressed in thousands of Antillean Guilders)	2021	2020
Interest income	34,902	38,774
Interest expense	1,225	2,500
Net interest income	33,678	36,274
Fee and commission income	31,396	25,808
Fee and commission expenses	13,675	11,919
Net fee and commission income	17,721	13,889
Income from foreign exchange transactions	9,899	9,014
Other operating income	-	-
Operating income	61,298	59,177
Salaries and other employee expenses	17,816	23,033
Occupancy expenses	5,166	5,366
Credit loss expenses on financial assets and contingent liabilities	2,884	11,101
Other operating expenses	18,193	16,955
Operating expenses	44,059	56,455
Net result before tax	17,239	2,722
Profit tax	6,255	943
NET RESULT AFTER TAX	10,984	1,779

2021 Annual Report

Our Country
Contrary to all the uncertainties in 2020, 2021 gave a more positive economic outlook. The efficient vaccine roll-out, clear progress in available treatments, awareness campaigns, the ongoing efforts of our government to contain the spread of COVID-19, the swift adoption by businesses to adhere to strict social distancing and sanitary measures, and the natural weakening of the COVID-19 virus, brought much needed optimism in our society.

End of the pandemic?
Throughout 2021, the virus mutated several times and somewhat lost its strength. Knowing that mutations can eventually lead to a virus becoming so weak that it disappears completely, is a first indication that full recovery for our country is in sight, although not guaranteed.

Our Country
In 2021, St. Maarten's economy recorded positive growth of 4.5%, which was a significant improvement from the previous year when the economy contracted by 22%. The unemployment rate declined, however inflation increased by 3.2% due to rising commodity prices and interruptions in the supply chain. The government continued its financial support to various groups in the society, such as payroll support to qualifying businesses and unemployment benefits. This was possible through a reform package agreed with the Netherlands for further liquidity support throughout the COVID-19 pandemic. Implementation of the reform package includes structural measures in the areas of public finance, the labor market, education, financial and health care sectors.

Return of tourism
In 2021 we saw the return of cruise ship passengers and stay over tourists, albeit not at the pre-COVID levels. Since the economy of Sint Maarten is mostly tourism-based, this return is imperative for a positive economic outlook.

Community
As we look back on the past year, we are not only pleased with this key development concerning the natural weakening of COVID 19, but also with the manner in which we were able to support and serve the Saba, St. Eustatius and St. Maarten communities, our valued customers and our staff.

In 2021, Corporate Social Responsibility remained high on the agenda and WIB continued its support towards a variety of community projects that were aimed to look after the neediest persons amongst us.

Our Bank
In 2021, WIB went above and beyond to ensure steady revenues and to safeguard the viability of the company. We intensified our Marketing, Communication & Sales efforts, and made ongoing efforts to bring banking closer to the people. We've organized Online Banking Registration Drives through the year to increase the uptake in Mobile Banking and Online Banking.

Customer Service
In an effort to make further improvements to increase customer loyalty and to enhance customer services, we introduced WIB LEO - "Life Easier Online". With the introduction of LEO, clients can now directly communicate with the Bank via WhatsApp, Facebook Messenger and Live Chat Sessions using our website. WIB LEO is a real-time service which immensely improved our response time towards our clients.

Financial Highlights
These combined highlights are for the Windward Islands Bank Ltd. and The Windward Islands Bank International N.V. (together "WIB").

Balance Sheet
Through the crisis WIB remained a well-capitalized bank with healthy liquidity as demonstrated by our strengthening balance sheet.

Total assets increased by 6% moving from NAF 1.76 billion to NAF 1.87 billion, with Total Net Loans and Advances which now stands at NAF 592 million, increasing by a respectable 4% or NAF 25 million.

While the low interest rate environment remained in 2021 and which the health crisis further compounded, our deposit portfolio grew by NAF approximately 97 million, which represented an increase of 6.5%. Total customer deposits now stand at NAF 1.6 billion. We continue to apply a policy to provide prudent interest compensation on time deposits and on saving accounts.

Income Statement
Total operating income of NAF 61.3 million increased by NAF 2.1 million or 3.5% when compared with the previous fiscal year 2020. All income categories except for interest income showed improvement. We were able to reduce our Total Operating Expenses by NAF 12.5 million or 22%, due primarily to lower medical benefit provisions and loan loss expense. The increase in income and reduced expenses generated a Net Profit before Taxes of NAF 17.2 million, a 533% increase over the year before.

Despite the pandemic, the bank was able to grow its portfolio and increase income while being conservatively cautious with spendings. This resulted in a significant decrease in operational expenses and increase of our net margin. Management is very pleased to report an increased profit despite the challenging economic circumstances in 2021.

The Future
With the worst of the pandemic seemingly behind us, the increase in cruise calls, and stay-over tourist that are returning to our shores, we believe that a full recovery of our economy is near. With our restored tourism product, the economy is expected to grow steadily in 2022 which will cause an increase in GDP. We therefore have much optimism for the coming fiscal year.

WIB intends to capitalize on this positive economic outlook by developing a more aggressive sales & marketing strategy in 2022 aimed at growing its market share with competitive product offerings combined with the convenience of e-banking and excellent customer care. We will also make continued efforts to remain in support of the needy and most vulnerable persons in our communities.

Derek A. Downes
General Managing Director
April 30, 2022

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

A. ACCOUNTING POLICIES

1. GENERAL
The principal accounting policies adopted in the preparation of the Combined Financial Highlights of The Windward Islands Bank N.V. and The Windward Islands Bank International N.V. (together the Banks') are set out below. These explanatory notes are an extract of the detailed notes included in the financial statements and are consistent in all material respects with those from which they have been derived.

2. BASIS OF PREPARATION
The financial statements, from which the Combined 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 Banks 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.

For credit facilities that include both a loan and an undrawn commitment, the ECL is calculated and presented together with the loan. In prior periods the ECL related to undrawn commitments was presented together with contingent liabilities. The balances have been reclassified in the comparison figures.

3. BASIS OF COMBINATION
The following entities have been combined as of December 31, 2021:
- The Windward Islands Bank Ltd.
- The Windward Islands Bank International N.V.

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

Based on these factors, the Banks classify their 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 Banks manage the assets in order to generate cash flows. That is, whether the Banks' 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 Banks assess whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Banks consider 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 Banks sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Banks assess whether or not the new terms are substantially different to the original terms. If the terms are substantially different, the Banks derecognize 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 and continue to perform in accordance with the contractual terms and conditions after initial recognition, the Banks recognize 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 Banks record 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 Banks record 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 of a given period of time.
- 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 usually expressed as a percentage of the EAD.

In its ECL models, the Banks rely 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	87,668	98,941
Accrued interest receivable on debt securities	4	469
Less: allowance for expected credit loss	(7)	(272)
TOTAL INVESTMENT SECURITIES	87,646	99,138
Loans and advances to customers		
Retail customers	264,485	237,584
Corporate customers	328,111	326,531
Public sector	15,662	19,038
Other	11,445	9,295
Total loans and advances to customers	619,703	592,448
Accrued interest receivable on loans and advances	1,033	1,066
Less: allowance for loan impairment	(28,495)	(25,862)
NET LOANS AND ADVANCES TO CUSTOMERS	592,241	567,652
II LIABILITIES		
Customers' deposits		
Retail customers	556,679	556,293
Corporate customers	588,230	531,380
Other	446,628	406,935
	1,591,537	1,494,608
Accrued interest payable	691	717
TOTAL CUSTOMERS' DEPOSITS	1,592,228	1,495,325

Independent auditor's report on the audit of the combined financial highlights

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

In our opinion, the accompanying combined financial highlights are consistent, in all material respects, with the audited financial statements of the Banks, in accordance with the Provisions for the Disclosure of Combined Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten ("CBCS").

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

The audited financial statements and our auditor's reports thereon
We expressed an unmodified audit opinion on the financial statements 2021 of the Banks in our auditor's report dated 22 March 2022.

Other Information
Other information consists of the Management's Report. Management is responsible for the other information. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Civil Code of Sint Maarten. 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 combined financial highlights
Management is responsible for the preparation of the accompanying combined financial highlights in accordance with the Provisions for the Disclosure of Combined 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 combined financial highlights are consistent, in all material respects, with the audited financial statements of the Banks 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, 4 May 2022
for Ernst & Young Accountants

drs. R.J.W. van Nimwegen RA