Island Finance (Aruba) N.V. and Subsidiary

(An indirect wholly-owned subsidiary of CFG Holdings, Ltd.)

Consolidated Financial Statements as of and for the year ended
December 31, 2020 and Independent
Auditor's Report as of March 9, 2021

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March 9, 2021
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INDEPENDENT AUDITOR'S REPORT
(TO BE REPLACED IN FINAL WITH SIGNED DELOITTE REPORT)

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Island Finance (Aruba) N.V. and Subsidiary
(An indirect wholly-owned subsidiary of CFG Holdings, Ltd.)

Consolidated Statements of Financial Position
As of the Years Ended December 31, 2020 and 2019
(In Aruba Florin)

ASSETS	**Notes**	**2020**	**2019**
Cash and cash equivalents		26,509,453	6,226,463
Finance receivables:			
Consumer loans		118,629,160	133,038,297
Interest receivable		4,065,768	1,953,160
Total finance receivables	3	122,694,928	134,991,457
Less allowance for expected credit losses	4	(13,161,925)	(4,651,012)
Finance receivables – net		109,533,003	130,340,445
Furniture, equipment and leasehold improvements – net	6	445,345	575,048
Right-of-use assets	11	1,473,222	1,863,972
Due from affiliates - net	5	47,697,918	45,953,821
Deferred income taxes–net	9	1,440,621	57,509
Other assets		45,517	103,383
TOTAL ASSETS		187,145,079	185,120,641
LIABILITIES AND STOCKHOLDER'S EQUITY			
LIABILITIES:			
Accounts payable and accrued liabilities		1,104,151	1,293,919
Income tax payable	9	1,814,922	3,331,052
Due to affiliates - net	5	107,669,618	106,472,033
Unearned fees		1,005,873	1,299,091
Lease liabilities	11	1,592,654	1,916,088
Other liabilities		153,677	270,589
Total liabilities		113,340,895	114,582,772
STOCKHOLDER'S EQUITY:			
Common stock, AFL 1,000 par value; 5,000 shares authorized, 2,000 shares issued and outstanding		2,000,000	2,000,000
Additional paid-in capital		4,296,000	4,296,000
Retained earnings		67,508,184	64,241,869
Total stockholder's equity		73,804,184	70,537,869
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		187,145,079	185,120,641

The notes are an integral part of these financial statements.

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Island Finance (Aruba) N.V. and Subsidiary
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Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Years Ended December 31, 2020 and 2019
(In Aruba Florin)

	Notes	2020	2019
INCOME:			
Interest income and fees		35,086,502	38,412,140
Commissions		636,529	659,841
Other		1,753,103	2,501
Total income		37,476,135	39,074,482
EXPENSES:			
Personnel		4,482,011	4,647,402
Occupancy		931,842	1,005,056
Other		8,463,863	10,317,986
Operating expenses		13,877,716	15,970,444
Extinguishment of debt		-	1,842,442
Interest expense	5, 11	7,634,013	8,422,542
Provision for expected credit losses	4	14,156,910	(1,128,969)
Total expenses		35,668,639	25,106,459
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		1,807,496	13,968,023
INCOME TAX EXPENSE:			
Current	9	(75,706)	1,480,556
Deferred	9	(1,383,112)	(23,410)
Total income tax expense		(1,458,818)	1,457,146
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,266,314	12,510,877

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Island Finance (Aruba) N.V. and Subsidiary
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Consolidated Statements of Stockholder's Equity
For the Years Ended December 31, 2020 and 2019
(In Aruba Florin)

	Common Stock	Additional Paid-in Capital	Retained Earnings		Total Stockholder's Equity
BALANCE—At January 1, 2019	2,000,000	4,296,000	51,730,992	-	58,026,992
Profits	-	-	12,510,877		12,510,877
BALANCE—At December 31, 2019	2,000,000	4,296,000	64,241,869		70,537,869
Profits	-	-	3,266,315		3,266,315
BALANCE—At December 31, 2020	2,000,000	4,296,000	67,508,184		73,804,184

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Island Finance (Aruba) N.V. and Subsidiary
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Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(In Aruba Florin)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit and total comprehensive income for the year		3,266,314	12,510,877
Adjustments to reconcile profit and total comprehensive income for the year to net cash used in operations:			
Provision for expected credit losses	3	14,156,910	(1,128,969)
Depreciation and amortization		449,138	453,813
Interest income		(35,086,502)	(38,412,140)
Interest expense		7,634,013	8,422,542
Income tax		(1,458,818)	1,457,146
Change in operating assets and liabilities:			
Net decrease/(increase) in finance receivable		8,763,140	(8,628,134)
Net increase in due from affiliates		(3,670,280)	(4,012,800)
Decrease in other assets		57,866	37,497
Decrease in accounts payable and accrued liabilities		(189,768)	(172,582)
(Decrease)/Increase in unearned fees		(293,218)	213,944
(Decrease)/Increase in other liabilities		(116,912)	270,589
Subtotal		(6,488,117)	(28,988,218)
Interest received		32,973,894	38,370,166
Interest paid		(6,733,389)	(8,387,996)
Taxes paid		(386,951)	-
Net cash from (used in) operating activities		19,365,437	993,952
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of furniture, equipment and leasehold improvements	6	(77,284)	(194,840)
Net cash from (used in) investing activities		(77,284)	(194,840)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due from affiliates		1,169,671	1,663,605
Payments of obligations under finance leases	11	(174,834)	(201,760)
Net cash from (used in) financing activities		994,837	1,461,846
NET INCREASE (DECREASE) IN CASH		20,282,990	2,260,958
CASH, BEGINNING OF YEAR		6,226,463	3,965,505
CASH, END OF YEAR		26,509,453	6,226,463
NON-CASH OPERATING AND FINANCING ACTIVITIES:			
Amortization of deferred financing costs		900,674	1,165,468

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1. Organization and operations

Island Finance (Aruba) N.V. (the "Company") is a wholly-owned subsidiary of CFG Aruba Holdings N.V., a company incorporated under the laws of Aruba, which is a wholly owned subsidiary of CFG Holdings, Ltd. ("CFG Holdings"), a company incorporated in the Cayman Islands. Island Finance (Aruba) N.V. (the "Company") was incorporated under the laws of Aruba on December 11, 2006 as a wholly-owned subsidiary of CFG Aruba Holdings, N.V. ("CFG Aruba"), a wholly-owned subsidiary of CFG Holdings, Ltd. ("CFG Holdings"). CFG Investments Aruba VBA ("Aruba SPV") is a wholly owned subsidiary of the Company and began operations on November 9, 2017 in connection with CFG Investments Limited Securitization.

CFG Holdings is a wholly owned subsidiary of CFG Partners Holdings L.P., a company incorporated in Delaware US and which in turn is wholly-owned by CFG Partners L.P., a company incorporated in the Cayman Islands (the "Group Parent").

The Company currently operates four consumer and sales finance loan retail branches and one express location in Aruba and is regulated by the Central Bank of Aruba (the "Central Bank").

The Company maintains significant transactions with related parties, which are substantially directed and authorized by the Group Parent.

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") to be a global pandemic. In response, the Company instituted its Pandemic Plan (the "Pandemic Plan"). The Pandemic Plan outlines the Company's the COVID-19 pandemic response duties and responsibilities as overseen by a committee of the Company's senior executives. Pursuant to the Pandemic Plan, the following key areas are being monitored for disruptions due to the COVID-19 pandemic and actions have been taken to mitigate the impacts thereon: human resources, business continuity and information technology, communications to key stakeholders, facilities, and finance. As the COVID-19 situation continues to develop, the Company is following guidance from the government and leading health authorities to protect the employees, customers and the communities in which the Company operates while ensuring business continuity for all customers. The global disruption caused by COVID-19, and local measures taken by government and health authorities, have had and are expected to continue to have a negative impact on the Company's cash flows from collection of payments from customer receivables. The Company has designed an assistance plan for qualifying customers who have been negatively impacted due to reduced income or loss of employment. The Company has evaluated criteria for new loan originations and continues to offer credit to customers who qualify. Refer to Note 4 for additional detail on impacts from COVID-19.

2. Significant accounting policies

Statement of compliance – The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis of valuation and presentation currency – Records are maintained in Aruba Florin ("AFL"), the functional currency of the country in which the Company is incorporated and operates. All amounts presented in the consolidated financial statements and notes are expressed in AFL (the functional currency), except where otherwise noted.

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The consolidated financial assets and liabilities and other non-financial assets and liabilities are presented at amortized cost or on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statement is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of International Accounting Standard ("IAS") 17 and IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company does not carry any financial instruments at fair value.

Financial assets and liabilities are offset and the net amount are reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are not offset in the consolidated statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation

Basis of consolidation – The consolidated financial statements incorporate the financial statements of the Company, which include CFG Aruba and the Aruba SPV, controlled by the Company, it is the reporting Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Company and subsidiary are eliminated in consolidation.

Critical accounting estimates – In the application of the Company's accounting policies, which are described below, the Management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. These critical accounting estimates include allowance for expected credit losses, deferred income tax assets and liabilities, and litigation matters. Other estimates include but are not limited to depreciation and fair value measurement of financial instruments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Although Management believes the estimates and assumptions used in the preparation of these financial statement were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

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Going Concern - The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Financial instruments:

Date of recognition – All financial assets and liabilities are initially recognized on the trade date, the date that the Company becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments - Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Cash and cash equivalents – Cash and cash equivalents comprises cash balances on hand and deposits with local banks.

Finance receivables – In accordance with IFRS 9, finance receivables are subsequently measured at amortized cost on the basis of the Company's business model for managing these financial assets and the contractual cash flow characteristics of these financial assets, which means they are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI.

An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset.

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The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on Management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company has one business model for managing its finance receivables, which is described above.

Allowance for expected credit losses – The Company reviews its loan portfolio periodically to evaluate for impairment. In determining whether an impairment loss should be recorded in the consolidated statement of profit or loss and other comprehensive income, the Company makes decisions as to whether there is observable information indicating that there is a reduction in the value of the group of loans. This evidence includes observable information indicating that there has been an adverse change in the collectability of the portfolio, or economic conditions (at the local, national, or regional level) that correlate with defaults on assets. Management uses estimates based on historical default and net loss after default experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used to estimate the amount and timing of future cash flows are regularly reviewed to reduce any difference between estimated losses and actual loss experience. Once the deterioration in the value of a loan is known, the Company creates the provisions and performs the verification of the possibilities of recovery. A loan is considered a default loan when it reaches four payments past due. The Company writes off delinquent outstanding loan balances once they reach seven payments past due. Recovery efforts commence immediately after the loan is written-off and will continue until the balances are paid in full or deemed un-collectable.

The Company's loan portfolio includes homogeneous unsecured consumer loans to individual borrowers with shared credit risk characteristics. The Company does not have reasonable and supportable information that is available without undue cost or effort to measure expected credit losses on an individual instrument basis. Therefore, expected credit losses are estimated on a collective (static pool) basis.

- If the credit risk of a loan has not increased significantly since initial recognition, the loss allowance for the static pool of loans with similar characteristics is calculated for expected defaults over a 12-month period (Stage 1).
- If the credit risk of a loan has increased significantly since initial recognition, the loss allowance for the static pool of loans with similar characteristics is calculated for expected lifetime defaults (Stage 2).
- When a loan is considered to be credit-impaired (i.e. already reached default status), a loss allowance is recognized equal to expected credit losses over the remaining lifetime of the asset and interest revenue is calculated based on the carrying amount of the loan, net of the loss allowance, rather than on its gross carrying amount (Stage 3).

Derecognition of financial assets and financial liabilities – A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;

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- The Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all risk and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset;
- The Company retains the right to receive cash flows from the asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement;
- The Company has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained;
- The obligation under the liability is extinguished, or;
- The obligation specified in the contract is discharged or cancelled or expires.

Interest income and fees – Interest income and fees are recorded using the interest method on an accrual basis. Finance receivables accrue interest until the receivable is collected or deemed uncollectible, at which time it is written off.

Loan origination fees and costs – Transaction costs that are directly attributable to the issue of loans, such as loan origination fees and direct loan origination costs, are deferred and recognized over the life of the loans as an adjustment to yield using the interest method. At the time receivables are paid in full, any unamortized amounts of deferred origination fees are recognized as part of the interest income and fees account in the accompanying consolidated statement of profit or loss and other comprehensive income. Deferred loan origination fees and costs are presented net as part of the finance receivables account in the accompanying consolidated statement of financial position.

Furniture, fixtures, equipment and leasehold improvements – Furniture, fixtures, equipment and leasehold improvements are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets or in the case of leasehold improvements over the term of the related lease, whichever is shorter. Useful lives range from three to ten years. Maintenance and repairs that do not extend the life of the asset, are charged to expense as incurred.

The depreciable lives used by the Company are the shorter of the remaining lease term or the useful life and they are as follows:

	Useful life (Years)
Computer and office equipment	3 to 5
Furniture and fixtures	5 to 10
Leasehold improvements	3 to 10

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The Company evaluates the impairment of long-lived assets based on the projections of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded value of the assets, the assets are written down to their estimated fair values based on a discounted cash flow analysis.

Leases **–** The Company applied IFRS 16 as of January 1st, 2019 using the cumulative catch-up approach

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17:

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Applying IFRS 16, for all leases (except as noted above), the Company:

- Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)
- Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income.
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a renewal option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the period presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the period of lease term. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Impairment in value of non-financial assets - At the date of each consolidated statement of financial position, the Company reviews the carrying amounts of its non-financial assets to assess whether there is objective evidence that such non-financial assets have suffered an impairment loss of their value. If there is any evidence of impairment, the recoverable amount of the asset is calculated with the purpose of determining the scope of loss in its value (if any) in accordance with IAS36.

As of December 31, 2020 and 2019, Management has not identified impairment of the non-financial assets.

Long term debt – Long term debt is carried at amortized cost and is presented in the accompanying consolidated statement of financial position including interest accruals.

Dividends - Dividends on common shares are recognized in equity in the period in which they have been approved by the Board of Directors.

Taxation – Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax - The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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Deferred tax - Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Fiscal unity - Together with CFG Aruba Holdings NV, the Company has formed a fiscal unity and together file one consolidated income tax return. The Company accounts for income taxes on an individual stand-alone basis. Any advantage from the fiscal unity therefore is recorded in the consolidated financial statements of the head of the fiscal unity: CFG Aruba Holdings N.V. The Company initially records the advantages from the fiscal unity as Income tax payable. As soon as one fiscal year is considered final by the tax authorities, the advantage for the respective year is reclassified to Due to affiliates as payable to CFG Aruba Holdings N.V.

Provisions – Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any reimbursement.

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Recently adopted accounting standards

<u>IFRS 16 – Leases</u>

In January 2016, the International Accounting Standards Board issued IFRS 16 which introduced a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The standard required: (i) all leases to be recognized on the consolidated statement of financial position as lease (right-of-use) assets and lease liabilities and (ii) both quantitative and qualitative disclosures regarding key information about leasing arrangements. The Company applied IFRS 16 under the modified retrospective approach with an effective date of January 1, 2019. As a result, the Company recognized right-of-use assets and lease liabilities associated with their leases, excluding short-term leases, while the comparable prior periods in the Company's consolidated financial statements are reported in accordance with IAS 17, including the disclosures of IAS 17.

The Company did not use hindsight to determine the lease term or include options to extend for leases existing at the transition date. In addition, the Company elected not to apply the new lease standard to leases with terms of twelve months or less.

<u>Financial impact of initial application of IFRS 16</u>

The weighted average company's incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position on January 1, 2019 was 5.5%.

The impact from the application of IFRS 16 on the amounts reported in the Company's consolidated financial statements at January 1, 2019 was 2,117,847 recognized as of right-of-use assets and of lease liabilities upon transition to IFRS 16. The lease liabilities were based on the present value of the remaining minimum lease payments using discount rates as of the effective date.

Issued but not yet effective accounting standards

<u>Amendments to IAS 1 and IAS 8 definition of material</u>

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

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The amendments are applied prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted. The amendments to IAS 1 and IAS 8 did not have any impact on the Company's financial statements and did not require any additional disclosures as of December 31, 2020 and 2019.

Amendments to references to the* conceptual framework in *IFRS standards

Together with the revised *Conceptual Framework*, which became effective upon publication on 29 March 2018, the IASB has also issued *Amendments to References to the* Conceptual Framework in *IFRS Standards*. The document contains amendments to IFRS 3, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 19, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

The amendments to references to the conceptual framework in IFRS standards did not have any impact on the Company's financial statements and did not require any additional disclosures as of December 31, 2020 and 2019.

Issued but not yet effective accounting standards

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 7	Maturity Analysis
IFRS 9	Financial Instruments
IAS 39	Hedge Accounting

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Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Management is evaluating the effects the adoption of these amendments will have on the future amounts reported in the Company's consolidated financial statements. Management does not expect any material impact to the consolidated financial statements or notes to the consolidated financial statements as a result of these amendments.

3. Finance receivables

As of December 31, 2020, and 2019, the components of Finance receivables - net included the following:

	2020	2019
Consumer loans, unpaid principal balance	120,143,398	134,851,095
Add: Deferred origination costs	269,572	365,470
Deferred origination fees	(1,783,810)	(2,178,267)
Interest receivable	4,065,768	1,953,160
Consumer loans, recorded investment	122,694,928	134,991,457
Less: Allowance for expected credit losses	(13,161,925)	(4,651,012)
Consumer loans, net carrying amount	109,533,003	130,340,445

As of December 31, 2020, and 2019, the contractual duration upon commencement of the loan portfolio was as follows:

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	2020	2019
Within 1 year	612,298	1,149,575
From 1 to 2 years	5,596,324	9,195,000
From 2 to 3 years	14,324,583	19,042,449
From 3 to 4 years	20,352,083	27,391,539
From 4 to 5 years	46,800,043	61,080,201
Over 5 years	35,009,598	17,132,693
	122,694,928	134,991,457

The activity in the allowance for expected credit losses on finance receivables for the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Allowance for expected credit losses – beginning of year	4,651,011	5,065,580
Provision for credit losses	14,156,910	(1,128,969)
Write-offs	(10,584,893)	(5,223,223)
Recoveries	4,938,897	5,937,624
Allowance for expected credit losses – end of year	13,161,925	4,651,012

4. Credit risk

The Company's loan portfolio includes homogeneous unsecured consumer loans to individual borrowers with shared credit risk characteristics. These consumer installment loans are fixed rate, fixed payment, and fully amortizing over the contractual repayment term. The Company does not have reasonable and supportable information that is available without undue cost or effort to measure expected credit losses on an individual instrument basis. Therefore, expected loan defaults, and credit losses, are calculated on a collective basis given the homogeneous nature of the loans offered to our customers.

Expected defaults, credit losses after default, and the identification of loans with significant credit deterioration are calculated on a static pool basis. Outstanding loans are grouped into static pools based on the delinquency status (measured in Payments Past Due or PPD) at the end of the month. Each static pool is assessed a loss allowance based upon expected defaults (Possibility of Default or PD) and Loss Given Default (LGD), based on expected default, gross write-off after default and loss recovery curves for loans that exhibit similar delinquency status characteristics. A loan is considered a default loan when it reaches four payments past due (4 PPD). The Company write-offs delinquent outstanding loan balances once they reach seven Payments Past Due (7 PPD). Recovery efforts commence immediately after the loan is written-off and will continue until the balances are paid in full or when deemed un-collectable.

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Expected default, gross write-off after default, and loss recovery curves are based on historical data and updated every quarter to reflect recent portfolio performance. Loss after default performance considers lifetime expected gross write-offs and 84-month recoveries, adjusted for the time value of money.

- 12-month expected defaults (Stage 1) are calculated on static pools of loans that are either Current or 1 PPD at the time of assessment.
- A static pool is determined to exhibit a significant increase in credit risk (Stage 2) since initial recognition when the delinquency status of the loans at time of assessment is 2 PPD or greater. The loss allowance for Stage 2 assets is calculated based on the amount of lifetime expected defaults.
- When a loan is considered to be credit-impaired (loans at 4+ PPD; see Note 14c), a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset and interest revenue is calculated based on the carrying amount of the loan, net of the loss allowance, rather than on its gross carrying amount (Stage 3).

Grouping loans on the basis of shared credit risk characteristics using comprehensive credit risk information allows the Company to identify significant increases in credit risk on a timelier basis than would otherwise be possible if each loan was analyzed independently. Since all the Company's loans are of one product and exhibit similar economic characteristics and shared credit risk characteristics, the Company utilizes a single grouping, based on delinquency status, for collective credit risk determinations.

Forward-looking information is included in the amount of expected credit losses to reflect the expected impact of discrete events such as plant closures, local disasters, and local macroeconomic weaknesses. The Company does not utilize internal or external credit scores suitable for reporting stratification of risk, and consequently cannot rescore the portfolio as a component of the calculation of expected credit losses.

The Company defines a defaulted loan to be any loan in excess of four installments past due (on average 91 days or more past due). Loans are written off on an individual basis when they reach seven installments past due (on average 181 days past due). Loans that are written-off, but still subject to enforcement activity are actively managed by the Company, and any collections subsequent to write-off are treated as a credit to the loan loss provision during the period recovered. All the Company's loans are classified as financial instruments measured at amortized costs. There were no reclassifications, and the estimation techniques and significant assumptions did not change materially during the year ended December 31, 2020.

A loan is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the loan have occurred. Credit-impaired loans are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event, or;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

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A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default (see above).

At December 31, 2020, the Company had no outstanding loans with concessions where there is evidence that the concession has reduced future cash flows materially.

The Company's allowance for expected credit losses included the following components as of December 31, 2020 and 2019:

		2020	2019
Stage 1:	Loss allowance measured at 12-month expected credit losses:	5,560,397	1,566,831
Stage 2:	Loss allowance measured at lifetime credit losses:	2,360,331	1,231,074
Stage 3:	Loss allowance for credit impaired	5,241,197	1,853,107
	Total allowance for expected credit losses	13,161,925	4,651,012

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The unpaid principal balance (UPB) of loans and allowance for expected credit losses by Stage as of December 31, 2020 and 2019 were as follows:

	Unpaid Principal Balance (UPB)			Allowance for expected credit losses		
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
Stage 1	85,115,310	-	85,115,310	5,560,397	-	5,560,397
Stage 2	-	17,651,573	17,651,573	-	2,360,331	2,360,331
Stage 3	-	17,376,515	17,376,515	-	5,241,197	5,241,197
Balance at December 31, 2020	85,115,310	35,028,088	120,143,398	5,560,397	7,601,528	13,161,925

	Unpaid Principal Balance (UPB)			Allowance for expected credit losses		
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
Stage 1	116,676,690	-	116,676,690	1,566,830	-	1,566,830
Stage 2	-	12,034,714	12,034,714	-	1,231,075	1,231,075
Stage 3	-	6,139,691	6,139,691	-	1,853,107	1,853,107
Balance at December 31, 2019	116,676,690	18,174,405	134,851,095	1,566,830	3,084,182	4,651,012

During the year ended December 31, 2020 and 2019 the Company deferred origination costs, deferred origination fees and interest receivables amounted to 2,551,530 and 140,363, respectively.

The unpaid principal balance (UPB) of loans and allowance for expected credit losses by Vintage Pool as of December 31, 2020 and 2019 were as follows:

	Unpaid Principal Balance (UPB)			Allowance for expected credit losses		
Vintage Pool	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
2020	45,633,570	13,842,493	59,476,063	2,821,001	2,288,313	5,109,314
2019	28,873,090	15,471,646	44,344,736	2,004,337	3,908,438	5,912,775
2018	8,568,458	4,384,682	12,953,140	590,211	1,060,075	1,650,286
< 2017	2,040,192	1,329,267	3,369,459	144,848	344,702	489,550
Balance at December 31, 2020	85,115,310	35,028,088	120,143,398	5,560,397	7,601,528	13,161,925

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Vintage Pool	Unpaid Principal Balance (UPB)			Allowance for expected credit losses		
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
2019	85,553,924	8,386,432	93,940,355	1,148,891	1,176,276	2,325,167
2018	24,091,649	6,837,265	30,928,914	323,520	1,287,152	1,610,672
2017	5,160,998	1,945,985	7,106,983	69,306	410,047	479,353
< 2016	1,870,120	1,004,724	2,874,844	25,113	210,707	235,820
Balance at December 31, 2019	116,676,690	18,174,405	134,851,095	1,566,830	3,084,182	4,651,012

Changes in the gross carrying value of loans giving rise to changes in the allowance for expected credit losses included the following during the year ended December 31, 2020 and 2019:

	Unpaid Principal Balance (UPB) 12-month expected credit losses			Allowance for expected credit losses 12-month expected credit losses		
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
Balance at January 1, 2020	116,676,690	18,174,405	134,851,095	1,566,830	3,084,182	4,651,012
Loans originated	66,136,549	2,143,351	68,279,900	982,877	296,119	1,278,996
Loans collected	(48,829,412)	-	(48,829,412)	(681,026)	-	(681,026)
Loans written off	-	(10,584,893)	(10,584,893)	-	(1,761,027)	(1,761,027)
Amortization	(20,469,995)	(3,103,297)	(23,573,292)	(263,992)	(653,839)	(917,831)
Transfers	(28,398,522)	28,398,522	-	(506,993)	6,414,689	5,907,696
ub-total at December 31, 2020	85,115,310	35,028,088	120,143,398	1,097,696	7,380,124	8,477,820
ACL non-credit components	-	-	-	32,931	221,404	254,335
Forward looking adjustment	-	-	-	939,727	-	939,727
Accrued interest	-	-	-	11,012	-	11,012
Management adjustment	-	-	-	3,479,031	-	3,479,031
nce at December 31, 2020	85,115,310	35,028,088	120,143,398	5,560,397	7,601,528	13,161,925

	Unpaid Principal Balance (UPB) 12-month expected credit losses			Allowance for expected credit losses 12-month expected credit losses		
	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio	12-month Expected Credit Losses	Lifetime Credit Losses	Total Portfolio
Balance at January 1, 2019	112,750,184	12,384,408	125,134,592	2,813,812	2,251,769	5,065,581
Loans originated	116,555,892	3,553,625	120,109,517	2,908,787	646,130	3,554,917
Loans collected	(69,232,230)	-	(69,232,230)	(1,727,771)	-	(1,727,771)
Loans written off	-	(5,223,223)	(5,223,223)	-	(949,701)	(949,701)
Amortization	(32,351,814)	(3,585,747)	(35,937,561)	(332,929)	(596,567)	(929,496)
Transfers	(11,045,342)	11,045,342	-	(2,461,159)	1,672,077	(789,082)
ub-total at December 31, 2019	116,676,690	18,174,405	134,851,095	1,200,740	3,023,708	4,224,448
Forward looking adjustment	-	-	-	24,015	60,474	84,489
Accrued interest	-	-	-	304,981	-	304,981
Management adjustment	-	-	-	37,094	-	37,094
nce at December 31, 2019	116,676,690	18,174,405	134,851,095	1,566,830	3,084,182	4,651,012

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Modification of finance receivables

A modification of a loan occurs when the contractual terms governing the cash flows of that loan are renegotiated or otherwise modified between initial recognition and maturity of the loan. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Company's business practices generally do not include material loan modifications. During 2020, in connection with the COVID-19 pandemic and difficulties making payments using normal channels due to circumstances imposed by government regulation, the Company granted moratoria to customers requiring assistance during the period from April 2020 through May 2020.

As a result of the increase in unemployment levels and work suspensions, a decrease in the volume of commercial activity in the country, and the uncertainty due to the period of economic recovery, the Company faces possible losses on its loan portfolio in the future, for which it has recorded supplementary reserves. Because this is a recent unprecedented situation, the estimation of its effects on the portfolio using statistical models is subject to greater uncertainty and volatility. Due to this and to the moratorium granted, the Company incorporated post-model adjustments to create additional provisions to those determined by the expected credit losses model, based on the Company's historical experience and reserve coverage for delinquent loans.

5. Transactions with related parties

The Company has material transactions with Caribbean Financial Group Inc. ("CFG Inc."), an affiliated company registered in the United States with offices in Puerto Rico and the State of Florida. The most significant transaction is the payment of fees for certain administrative services received.

On November 9, 2017 Aruba SPV entered into a revolving note payable with CFG Investments Curacao B.V. bearing interest of 9.55%. On July 15, 2019 the revolving note was amended to an interest rate of 6.22% for the years ending on December 31, 2020. See Note 7 for additional information on the revolving note.

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As of December 31, 2020, and 2019, balances with affiliates are summarized as follows:

	2020	**2019**
Due from affiliates:		
CFG Holdings Ltd. (6% interest bearing note for 2020 and 2019)	29,218,379	29,218,379
CFG Investments Limited (non-interest bearing)	10,462,113	12,532,457
CFG Aruba Holdings N.V. (non-interest bearing)	1,095,088	1,669,535
CFG Holdings Ltd. (non interest bearing)	3,992,560	2,239,458
Island Finance (Curacao) N.V. (non interest bearing)	26,040	26,040
Other intercompany balances receivable	2,903,738	267,951
	47,697,918	45,953,821
Due to affiliates:		
CFG Investments Curacao B.V. (6.22% interest bearing note for 2020 and 2019)	(104,818,178)	(104,818,178)
CFG Inc. (non-interest bearing)	(2,851,440)	(1,653,855)
	(107,669,618)	(106,472,033)

During the year ended December 31, 2020 and 2019 the Company amortized 900,674 and 109,726 of deferred financing costs related to a note payable to CFG Investment Limited, respectively.

During the years ended December 31, 2020 and 2019 transactions carried out with related parties are summarized as follows:

Income/(Expense)

	2020	**2019**
Income:		
Interest income	1,753,103	1,808,605
Expense:		
Interest expense	7,538,859	8,312,817
Management service fee expense	6,323,220	7,828,624

In addition to the interest expense from transactions with affiliates, the Company also had 95,155 and 109,726 of interest expense on lease liabilities for the years ended December 31, 2020 and December 31, 2019. See Note 11 for more details.

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6. Furniture, fixtures, equipment and leasehold improvements

Furniture, fixtures, equipment and leasehold improvements at December 31, 2020 and 2019 consist of the following:

	Computers and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost:				
Balance as of January 1, 2019	359,214	489,148	1,106,749	1,955,111
Additions	94,981	37,872	61,986	194,839
Balance as of December 31, 2019	454,195	527,020	1,168,735	2,149,950
Additions	47,594	-	29,690	77,284
Balance as of December 31, 2020	501,789	527,020	1,198,425	2,227,234
Accumulated depreciation:				
Balance as of January 1, 2019	(226,151)	(68,612)	(1,080,202)	(1,374,965)
Depreciation expense for the year	(56,029)	(25,416)	(118,492)	(199,937)
Balance as of December 31, 2019	(282,180)	(94,028)	(1,198,694)	(1,574,902)
Depreciation expense for the year	(61,482)	(26,547)	(118,958)	(206,987)
Balance as of December 31, 2020	(343,662)	(120,575)	(1,317,652)	(1,781,889)
Carrying amounts as of:				
December 31, 2020	158,127	406,445	(119,227)	445,345
December 31, 2019	172,015	432,992	(29,959)	575,048

7. Debt

Senior secured term notes

The Company is financed via intercompany loans, the intercompany loans are financed centrally at Group level. The structure of the Group debt is described below. On November 30, 2018, CFG Partners L.P. issued USD 105,000,000 in senior secured term notes maturing on November 30, 2023 (“Mezzanine Debt”) secured by certain assets of an affiliate Island Finance – Trinidad & Tobago Limited as guarantor, and guarantees and/or security interests in assets from other affiliated subsidiaries of CFG Partners L.P., including the Company. The Mezzanine Debt notes accrue interest at 10.5% per annum until December 1, 2021 and thereafter at the greater of 3.0% or the 6-month London Interbank Offered Rate (LIBOR) or an alternate rate considering prevailing market convention (if LIBOR cannot be cannot be used) plus 7.5%, with a maximum annual interest accrual of 12.0%. The Mezzanine Debt also requires the payment of a maintenance fee of USD 10,000 per month.

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Amended and Restated Revolving Credit Facility

As of November 30, 2018, CFG Holdings and its active non-Borrower SPV subsidiaries were Co-Borrowers on a USD 60,000,000 revolving loan agreement with Pacific Western Bank and Banco Popular de Puerto Rico ("Warehouse Facility"). The Warehouse Facility was structured with an initial two-year revolving period, and a legal maturity of November 9, 2022. Borrowings under the Warehouse Facility could be made from time to time subject to the maximum principal amount and a borrowing base of 65% of eligible receivables. Borrowings under the Warehouse Facility accrue interest at the prime rate plus 2.00% per annum, and fees accrue on the unused amount at 0.25% per annum.

On November 12, 2019, CFG Partners LP ("CFG"), executed a refinancing of a revolving warehouse facility of USD 40,000,000 with Banco Popular de Puerto Rico as agent and lender ("BPPR" or "Agent"), including an acordian feature that allows the revolving amount to increase to an aggregate amount of USD 80,000,000 with the addition of new revolving loan commitments from financial institutions acceptable to the Agent. The proceeds at closing were used to pay-off the outstanding advances to the exiting lender, pay all fees, costs, and accrued interest associated with the transaction and an excess amount to be used for general funding purposes. The Warehouse Facility is structured with an initial three-year revolving period and a legal maturity of November 30, 2024. At the termination of the revolving period, the loan will amortize pursuant to a contractual priority of payments unless otherwise terminated. Borrowings under the Warehouse Facility can be made from time to time subject to the maximum principal amount and a borrowing base of 65% of eligible receivables. Borrowings under the Warehouse Facility accrue interest at the prime rate plus 1.00% per annum and fees accrue on the unused amount at 0.25% per annum.

On December 23, 2019, CFG extended the warehouse facility capacity from USD 40,000,000 to USD 60,000,000 with the addition of Oriental Bank. In accordance with the terms of the warehouse facility agreement, CFG paid Oriental Bank an up-front fee equal to 0.5% of the USD 20 million commitment.

On December 31, 2020, CFG, BPPR and Oriental amended the warehouse facility to provide for changes to the borrowing base calculation, concentration limits and the scope and timing for measurement of certain compliance ratios.

At December 31, 2020, and December 31, 2019, CFG Holdings was in compliance with all covenants and had $19,489,185 and $20,760,973 outstanding debt and $6,440,482 and $20,367,128 in available borrowing capacity, respectively.

CFG Investment Limited Securitization

On July 15, 2019, CFG Investments Limited, a Cayman exempted company, completed the issuance of $222,000,000 of asset backed notes in two classes under Rule 144a of the Securities Act of 1933 ("2019 Securitization"). The 2019 Securitization refinanced the November 9, 2017 issuance of $207,250,000 of asset backed notes. The Class A notes were issued in a principal amount of $196,500,000, with a coupon of 5.56%; the Class B notes were issued in a principal amount of $25,500,000, with a coupon of 7.62%. Additionally, Class RR notes were issued to CFG Holdings in principal amount of $12,500,000, with a coupon of 7.63%.

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The Class A notes and Class B notes are primarily secured by a first-priority perfected security interest in the revolving loans. The revolving loans are secured, in Panama, by a beneficial interest in a trust that owns the receivables purchased by the Panama SPV, and in each of Curacao, Aruba, and Bonaire, the receivables purchased by each Borrower SPV.

Seller	Purchaser	Currency	Revolving Loan Amount 2020	Revolving Loan Amount 2019
Panama	Panama SPV	USD	121,940,000	121,940,000
Aruba	Aruba SPV	USD	58,625,000	58,625,000
Curacao	Curacao SPV	USD	49,245,000	49,245,000
Bonaire	Bonaire SPV	USD	4,690,000	4,690,000

The Notes include a revolving period, ending August 10, 2021, whereby each Borrower SPV is permitted to purchase additional receivables, from time to time, subject to the maximum principal amount of the Notes, a reinvestment test, and certain eligibility requirements and concentration limits. After the termination of the revolving period, the Notes would amortize pursuant to a contractual priority of payments, subject to a legal final maturity in August 2029.

On August 12, 2020, CFG Holdings, Ltd., as Master Administrator, amended the securitization to require an additional $10 million of loan or cash collateral and an additional $2,000,000 in required liquidity. Given these enhancements, on September 25, 2020, S&P Global Ratings affirmed the ratings of the Class A and Class B Notes and removed these from Credit Watch Negative where the notes had been placed since March 2020.

The Curacao SPV has been determined to be a variable interest entity (“VIE”) and the Company has been determined to be the primary beneficiary. As a result, the assets and liabilities of the Curacao SPV have been consolidated in the financial statements of the Company.

The Company is the primary beneficiary because a) it directs the activities that most significantly impact the Curacao SPV’s economic performance, including the contractual right to service the receivables that will ultimately repay the Notes, and b) it is exposed to

potentially significant losses and benefits through its ownership of a retained interest in the Curacao SPV. The Notes are supported by the expected cash flows from the receivables securing the revolving loans that secure the Notes. Cash inflows from these receivables are distributed to repay the debt obligations and related service providers in accordance with a contractual priority of payments.

The holders of the Notes have no recourse to the Company if the cash flows from the underlying receivables are not sufficient to pay all principal and interest on the Notes. After the termination of the revolving period, cash inflows will be allocated, pursuant to a contractual priority of payments, to the Class A Notes until fully repaid and, thereafter, to the Class B Notes. Any credit losses in the pools of finance receivables securing the Notes are expected to be limited to the retained interest. The Curacao SPV has no obligation to repurchase or

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replace receivables that subsequently become delinquent or otherwise default except upon a breach of a Loan Purchase Agreement representation which materially adversely affects the interests of the Noteholders.

Collateral

Substantially all of the Company's assets and/or equity are pledged as collateral securing three separate debt obligations:

- Loans totaling 111,592,629 at December 31, 2020, and 114,872,819 at December 31, 2019 were pledged as first lien collateral securing the CFG Investments Limited Class A and Class B Notes in the 2019 securitization and 2017 securitization, respectively.
- Substantially all of the assets of the Company were pledged as first lien collateral securing the Warehouse Facility at December 31, 2020, with the exception of the loans pledged as security for the CFG Investments Limited Class A and Class B Notes.
- Substantially all the assets of the Company were pledged as second lien collateral securing the long-term debt at December 31, 2020.

Debt extinguishment expenses

Debt extinguishment expenses related to the release of collateral and repayment of the revolving loan with CFG Investments Limited, were allocated to each subsidiary involved in the securitization based on the percentage of the proceeds received by each subsidiary during the year ended December 31, 2019. These expenses amounted to 1,842,442 for the Company.

8. Common Stock

At December 31, 2020 the authorized share capital is composed of 5,000 issued and outstanding common shares with a par value of 1,000 each.

9. Income taxes

On November 11, 2014, the Company entered into a Fiscal Unity with its direct parent, CFG Aruba Holdings N.V. The two entities file a consolidated income tax return; therefore, each member of the fiscal unity is in principle jointly and individually liable for the income tax liability of the entire fiscal unity. The corporate income tax calculated and recognized for the fiscal unity is included for the full amount in this consolidated financial statement.

Current and deferred tax expense is allocated to the members of the fiscal unity by considering the tax attributes contributed by each entity. The settlement of taxes between the parent company and the subsidiary occurs at the time the fiscal authorities approve the income tax declaration.

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The fiscal unity was subject to income taxes in Aruba at a statutory rate of 25% in effect for the years ending December 31, 2020 and 2019. CFG Aruba Holdings N.V. has been designated a tax-exempt development company by the Central bank and is thus exempt from income tax.

As of December 31, 2020, and 2019 the Company recorded a reserve for uncertain tax position of 1,814,920 and 2,868,070, respectively. The aggregate change in the balance of gross unrecognized tax benefits, which excludes interest and penalties, for 2020 and 2019, is as follows:

	2020	**2019**
Beginning balances	2,868,070	3,921,220
Decreases related to tax position taken during a prior period	(1,053,148)	(1,053,150)
Ending balances	1,814,922	2,868,070

The effective income tax rate differs from the statutory income tax rate as follows:

	2020	**2019**
	Percent	Percent
Tax Expense calculated at the statutory income tax rate	25.0%	25.0%
Increases (decreases) resulting from:		
Income not subject to tax	-98.7%	-14.3%
Other permanent differences, net	0.0%	-0.5%
Prior year balance adjustment	-7.1%	0.3%
Effective tax rate	-80.8%	10.4%

As of December 31, 2020, the Company's tax years for 2016, 2017, 2018, 2019 and 2020 are open for possible examination by the tax authorities. The Company is no longer subject to examinations by the tax authorities for years prior to 2016.

Deferred Tax Assets

Deferred tax assets are recognized for tax losses carried forward only to the extent that realization of the related tax benefit is probable. As of December 31, 2020, 1,359,528 (2019: 0) of deferred tax assets related to available loss carry forwards have been brought to account. The Company believes that it is more likely than not that the benefits from the losses available for compensation will be realized, therefore, no valuation allowance would be necessary for the deferred tax asset.

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Deferred tax asset, net

	2020	2019
At beginning of year	57,509	34,099
Charge to profit	1,383,112	23,410
Other	-	-
At end of year	1,440,621	57,509

The deferred tax assets are attributable to the following:		
Property and equipment	51,233	44,480
Losses available for compensation	1,359,528	-
IFRS 16 - Leases	29,859	13,029
Deferred tax asset, net	1,440,621	57,509

10. Employee pension plan

As of the year ending December 31, 2020, 17 of the Company's 75 employees participate in the Company's defined benefit pension plan (the "Plan"). New employee enrollments in the Plan were discontinued in 2005. Annual pension benefits provided are equal to 1.75% of monthly salary, as defined, for each year of service up to a maximum of 40 years less the current calculated social security monthly benefit Normal retirement age has been established at 60 years, although early retirement is allowed. The Plan also covers employees of Island Finance (Curacao) N.V., Island Finance (Bonaire) N.V. and Island Finance (Sint Maarten) N.V.

This Plan is insured by a participating annuity contract with Ennia Caribe Leven N.V. ("Ennia"), located in Willemstad, Curacao. The participating annuity contract guarantees the funding of the Company's future pension obligations for its defined benefit pension plan. Regarding this pension plan the Company applies IAS 19.46 and such treats the pension plan as a defined contribution plan. In accordance with the contract, Ennia will pay all vested obligations for the Plan, while the Company pays annual insurance premiums. Payment of the insurance premiums by the Company constitutes an unconditional and irrevocable transfer of the related pension obligation from the Company to Ennia. During 2007, the Company started making their contributions in advance as established by the contract. There were no prepaid premiums at December 31, 2020 and 2019. Pension expense for the years ended December 31, 2020 and 2019 was 308,730 and 187,406, respectively.

In 2012, the government of Aruba implemented a mandatory General Pension Plan for all workers effective January 1, 2012. It provides for a financial contribution shared equally by the employer and the employee and is to achieve a minimum of 6% contribution of the employee's annual salary. The entitlement age is the same as the prescribed for the AOV, the general old age pension in Aruba. General pension plan expense for the years ended December 31, 2020 and 2019 was 48,920 and 49,311, respectively.

11. Leases – IFRS 16

The Company adopted IFRS 16 in 2019. See Note 2, "Significant accounting policies", for an overview of the transition to this standard.

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The Company maintains lease agreements related to equipment, office space and branch locations. Most of branch lease agreements are executed with terms of five years and generally contain options to extend from three to five years. None of the Company's lease payments are dependent on a rate or index that may change after the commencement date, other than the passage of time.

The Company's lease liability for the years ended December 31, 2020 and 2019 was 1,592,654 and 1,916,088, respectively. This liability is based on the present value of the remaining minimum rental payments using a discount rate that is determined based on the Company's incremental borrowing rate. The right-of-use asset for the years ended December 31, 2020 and 2019 was 1,473,222 and 1,863,972, respectively. This asset includes right-of-use assets equaling the lease liability, net of prepaid rent and deferred rents that existed as of the adoption of the new lease standard.

	2020	**2019**
New ROU Assets	-	2,117,847
Carrying Amount of ROU	1,473,222	1,863,972
Ending Lease Liability Balance	1,592,654	1,916,088
Depreciation Expense	242,151	253,875
Interest on Lease Liabilities	95,155	109,726
Financing Cash Flows	174,834	201,760
Short-term Lease Cost	14,400	57,600
Variable Lease Cost	11,941	16,212

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Right-of-use assets movement by type is presented below:

Type	Beginning Balance as of December 31, 2019	Additions	Subtractions	Depreciation Expense	Ending Balance as of December 31, 2020
Building	1,855,355	-	(148,600)	235,951	1,470,804
Equipment	8,616	-		6,200	2,417
Total	1,863,972	-	(148,600)	242,151	1,473,221

Type	Beginning Balance as of December 31, 2018	Additions	Subtractions	Depreciation Expense	Ending Balance as of December 31, 2019
Building	-	2,103,031	-	247,675	1,855,355
Equipment	-	14,816	-	6,200	8,616
Total	-	2,117,847	-	253,875	1,863,972

In 2019, at adoption of the new accounting standard, the Company elected to utilize the package of transition practical expedients, which includes not reassessing prior conclusions about lease identification, lease classification, and initial direct costs.

Lease agreements with terms of twelve months or less and leases for which the underlying asset is of low value are not capitalized as part of lease assets or liabilities and are expensed as incurred. In addition, the Company has elected to not separate non-lease components from lease components. Consequently, each separate lease component and the non-lease components associated with that lease component will be accounted for as a single lease component for lease classification, recognition, and measurement purposes.

Future maturities of the Company's lease liabilities as of December 31, 2020 and 2019 are as follows:

	2020	**2019**
2021	179,554	214,187
2022	207,766	224,184
2023	236,245	235,903
2024	253,830	251,023
2025	242,952	266,891
Thereafter	472,307	723,900
Total	1,592,654	1,916,088

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The table below shows the impact on the Company's profit or loss for the year ended December 31, 2020 and 2019:

	2020	2019
Increase in depreciation expense	(242,151)	(253,875)
Increase in interest expense	(95,155)	(109,726)
Decrease in operating expense	284,390	311,486
Net decrease in profit before income tax	(52,916)	(52,115)

12. Litigation

In a February 2019 verdict on a recovery (charged-off loan) collection case in Aruba, a judge determined that Island Finance Aruba could not collect more than 18% interest rate charge on the amount owed based on an old 1999 Netherland Antilles Court (non-existent), which made a non-binding determination (no stare decisis or precedent rule) that interest rates higher than 18% are against moral standards. On April 21, 2020 The Joint appellate Court of Aruba and Curacao via a panel of judges upheld that a 27% interest rate in Aruba under a compounding methodology was legal and reversed first instance decision. Panel determined that anything above the 27% is considered against public morals. Decision is non-binding (no stare decisis in Aruba).

13. Fair value of financial instruments

The Company determines the fair value of its financial instruments using the fair value hierarchy established in IFRS 13 - Fair Value Measurements and Disclosure, which requires the Company to maximize the use of observable inputs (those that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market information obtained from sources independent of the reporting entity) and to minimize the use of unobservable inputs (those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances) when measuring fair value. Fair value is used on a non-recurring basis to evaluate assets and liabilities for impairment or for disclosure purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Company uses some valuation techniques and assumptions when estimating fair value. The Company applied the following fair value hierarchy:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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The following disclosures are related to financial instruments which are not measured at fair value on the Company's consolidated statement of financial position at December 31, 2020 and 2019:

On demand financial instruments – The carrying value of on demand financial instruments, including cash, and accounts payable and accrued liabilities, approximates the fair value of these instruments. These financial instruments generally expose the Company to limited credit risk and have no stated maturities or have on demand maturities. The Company classifies these assets and liabilities as Level 2 as these are observable inputs for the determination of fair values.

Finance receivables – The carrying value of the portfolio of financial receivables was 109,533,003 as compared to its fair value of 111,614,130 at December 31,2020, the difference arise from movements in benchmarks and interest rates.

The interest rates used to discount the associated future cash flows are consistent with rates for similar loans to borrowers with similar credit ratings and with similar maturities and are frequently revised to approximate market rates.

Notes receivable from or payable to affiliates – For balances with affiliates under common control, the Company does not calculate Fair Value due to lack of reliable input variables and therefore states it is approximately equal to carrying value.

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The following tables provide information on the carrying value and estimated fair value at December 31, 2020 and 2019, of the Company's financial instruments that are not reported at fair value in the accompanying consolidated statement of financial position:

	2020				
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Cash	26,509,453	26,509,453	-	26,509,453	-
Finance receivable - net	109,533,003	111,614,130	-	-	111,614,130
Due from affiliates (note receivable)	29,218,379	29,218,379	-	-	29,218,379
Due from affiliates (other)	18,479,539	18,479,539	-	18,479,539	-
Financial liabilities					
Accounts payable and accrued liabilities	1,104,151	1,104,151	-	1,104,151	-
Due to affiliates (note payable)	104,818,178	104,818,178	-	-	104,818,178
Due to affiliates (other)	2,851,440	2,851,440	-	2,851,440	-

	2019				
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Cash	6,226,463	6,226,463	-	6,226,463	-
Finance receivable - net	130,340,445	134,902,360	-	-	134,902,360
Due from affiliates (note receivable)	29,218,379	29,218,379	-	-	29,218,379
Due from affiliates (other)	16,735,442	16,735,442	-	16,735,442	-
Financial liabilities					
Accounts payable and accrued liabilities	1,293,919	1,293,919	-	1,293,919	-
Due to affiliates (note payable)	104,818,178	104,818,178	-	-	104,818,178
Due to affiliates (other)	1,653,855	1,653,855	-	1,653,855	-

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14. Risk management

a) Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to the stockholder through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2019.

The capital structure of the Company consists of financing obtained from affiliates (as detailed in note 5) and equity of the Company (comprising issued capital and retained earnings).

The Company is regulated by the Central Bank which among other things requires maintenance of certain regulatory capital requirements, measured with respect to "well capitalized" or equivalent regulatory capital threshold (Aruba Capital Ratio > 12% and minimum of Aruba Florin of 1,000,000). During the year ended December 31, 2020, the Company met the requirements set out by the Central Bank.

b) Financial risk management objectives

The Company is exposed to financial risks that may threaten its business objectives. Proactive identification of significant risks is critical to minimizing potential adverse effects on financial performance. Management and the Board of Managers of the Group Parent are responsible for establishing and conforming the strategic direction of the organization, the business approach and corporate values.

c) Credit risk

Credit risk is the risk of loss as a result of a borrower's failure to pay on time and in full its obligations, or the counterparty with whom the Company negotiates breaches a contractual obligation before liquidating a contract.

Concentration of credit risk

The Company's loan portfolio is comprised of a large number of undifferentiated small balance consumer loans, and there is no material concentration of loans to a single borrower. The Company is exposed to significant adverse changes in the local economy that could adversely impact the collectability of its finance receivables.

Credit quality indicator disclosures

Management monitors the credit quality of its financing receivables in an ongoing manner. As of December 31, 2020, and 2019, the amounts and ratios for finance receivable were as follows:

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	2020	**2019**
Finance receivables	122,694,928	134,991,457
2+ Payments Past Due	35,569,016	15,498,767
4+ Payments Past Due	19,253,902	6,443,092
Total contractual delinquent loans as a percentage of finance receivables	28.99%	11.48%
Allowance for credit losses as a percentage of finance receivables	10.73%	9.75%
Net charge-offs as a percentage of average finance receivables	-4.38%	-4.33%
Delinquency 4+ PPD as a % of finance receivables	15.69%	4.77%

Total 2+ PPD - Two payments past due loans (''2+ PPD'') refers to loans with two or more scheduled payments past due after month-end processing and is a sub-set of total contractual delinquency. 2+ PPD accounts include both principal and interest payments that are past due.

Total 4+ PPD - Four payments past due loans (''4+ PPD'') refers to loans with four or more scheduled payments past due after month-end processing and is a sub-set of total contractual delinquency. 4+ PPD accounts include both principal and interest payments that are past due and serve as a proxy for loans that are 91 days or more past due.

Finance receivables are issued at a maximum period of 72 months. Finance receivables more than 90 days past due and accruing interest amounted to approximately 19,253,902 and 6,443,095 at December 31, 2020 and 2019 respectively.

The Company considers a customer contractually delinquent at the end of the month in which two schedule payments are past due after month-end processing.

The following table analyzes the credit quality of financial assets and impairment reserves held by the Company for these assets as of December 31, 2020 and 2019:

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	2020	**2019**
Maximum exposure		
Finance receivables - net	109,533,003	130,340,445

Finance receivables		
Risk levels		
Range 1 - Normal or no PPD	72,332,153	103,036,039
Range 2 - 1PPD	14,793,759	16,456,651
Range 3 - 2PPD	8,913,678	5,747,278
Range 4 - 3PPD	7,401,435	3,308,397
Range 5 - 4PPD	6,452,057	2,805,373
Range 6 - 5PPD	6,641,056	1,926,723
Range 7 - 6PPD or more	6,160,789	1,710,996
Total	122,694,928	134,991,457
Allowance for credit losses	(13,161,925)	(4,651,012)
Finance receivables - net	109,533,003	130,340,445

d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has assets that are maintained in AFL while having United States dollar denominated long term debt at affiliates associated with those assets. While the AFL is pegged to the United States dollar, Management recognizes that e-fluctuations in the AFL can affect the Company's financial results and cash flow. Management believes that the yield on its finance receivables would cushion the effects of a weakened AFL and enable the Company to meet its debt obligations.

e) Interest rate risk

The table below summarizes the Company's exposure to interest rate risk. This includes the balances of the Company's financial instruments as of December 31, 2020 and 2019, classified by the most recent between the contractual term or the maturity date. Finance receivables are all fixed rate loans at amortized cost and are not directly impacted by changes in market interest rates.

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	2020					
	Due on demand	Due in one year	Due in two to five years	Due in more than five years	Non-Interest Bearing	Total
Assets						
Cash	26,509,453	-	-	-	-	26,509,453
Finance receivables - net	-	4,413,604	86,324,575	18,794,824	-	109,533,003
Right-of-use assets	-	-	-	-	1,473,222	1,473,222
Due from affiliates - net	18,479,539	-	-	29,218,379	-	47,697,918
Other assets	-	-	-	-	1,931,483	1,931,483
Total assets	44,988,992	4,413,604	86,324,575	48,013,203	3,404,705	187,145,079
Liabilities						
Accounts payable and accrued liabilities	3,072,750	-	-	-	-	3,072,750
Lease Liabilities	-	-	-	-	1,592,654	1,592,654
Due to affiliates - net	2,851,440	-	-	104,818,178	-	107,669,618
Unearned fees	-	-	-	-	1,005,873	1,005,873
Total liabilities	5,924,190	-	-	104,818,178	2,598,527	113,340,895
Net gap	39,064,802	4,413,604	86,324,575	(56,804,975)	806,178	73,804,184
Cumulative gap	39,064,802	43,478,406	129,802,981	72,998,006	73,804,184	73,804,184

	2019					
	Due on demand	Due in one year	Due in two to five years	Due in more than five years	Non-Interest Bearing	Total
Assets						
Cash	6,226,463	-	-	-	-	6,226,463
Finance receivables - net	-	4,297,127	110,565,648	15,477,670	-	130,340,445
Right-of-use assets	-	-	-	-	1,863,972	1,863,972
Due from affiliates - net	16,735,442	-	-	29,218,379	-	45,953,821
Other assets	-	-	-	-	735,940	735,940
Total assets	22,961,905	4,297,127	110,565,648	44,696,049	2,599,912	185,120,641
Liabilities						
Accounts payable and accrued liabilities	4,895,560	-	-	-	-	4,895,560
Lease Liabilities	-	-	-	-	1,916,088	1,916,088
Due to affiliates - net	1,653,855	-	-	104,818,178	-	106,472,033
Unearned fees	-	-	-	-	1,299,091	1,299,091
Total liabilities	6,549,415	-	-	104,818,178	3,215,179	114,582,772
Net gap	16,412,490	4,297,127	110,565,648	(60,122,129)	(615,267)	70,537,869
Cumulative gap	16,412,490	20,709,617	131,275,265	71,153,136	70,537,869	70,537,869

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f) Liquidity risk

The liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time. Management periodically monitors the availability of liquid funds given that the Company is exposed to daily loan disbursements.

15. Subsequent events

The Company has evaluated events subsequent to December 31, 2020 in order to assess the need for potential recognition or disclosure in these consolidated financial statements. Such events were evaluated through March 9, 2021 the date these consolidated financial statements were available to be issued. Based upon this evaluation, the Company has determined that not subsequent events occurred that require recognition or disclosure in these consolidated financial statements.

16. Approval of consolidated financial statements

The consolidated financial statements for the year ended December 31, 2020 were approved by Management and authorized for their issuance on March 9, 2021.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder of
Island Finance (Aruba) N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Our opinion

We have audited the consolidated financial statements for the year ended 31 December 2020 of Island Finance (Aruba) N.V (the "Company"), based in Aruba.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at December 31, 2020, and of its result and its cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2020.
2. The following consolidated statements for 2020: statement of profit or loss and other comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the impact of the coronavirus

The coronavirus also impacts the Company. In the disclosures on note 1 and 4 in the financial statements management disclosed the increased estimation uncertainty as a result of the coronavirus on the nature and reliability of the information available for management in making estimates. As result of the coronavirus the bandwidth of reasonable assumptions that are the basis of the estimates is high. Our opinion is not modified in respect of this matter.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the consolidated financial statements using the going concern basis of accounting unless management either intends to liquidate the Company, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the consolidated financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with ISAs, ethical requirements and independence requirements. Our audit included e.g.:

- Identify and assessing the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures.

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- Evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.
Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aruba, March 9, 2021
Deloitte Dutch Caribbean

A.J. Kernkamp
Ref.: 22870/2021/AK/vc

Legal Jurisdiction
Any dispute or other legal matter resulting from this correspondence shall be governed by the jurisdiction of the Common Court of Justice of Aruba, Curaçao, Sint Maarten and of Bonaire, Sint Eustatius and Saba.

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