

Vidanova Pension Fund Pension closes 2019 with a **positive result**, confirming the fund's **strong financial position**.

Consolidated financial highlights 2019

Foreword

The year 2019 was a year in which the Fund recovered from the negative investment results on the international financial market over 2018. Especially the US equity markets, as well as almost every major market, ended the year in firmly positive figures. A total of 10 new sponsors affiliated themselves to the Fund during the year.

Development of the Fund during the last 5 years

(Amounts in thousands Antillean guilders)	2019	2018	2017	2016	2015
Assets and Liabilities					
Total assets	1,583,345	1,328,776	1,303,099	1,286,180	835,140
Total investments	1,306,328	1,131,436	1,095,863	1,073,567	742,628
Provision and reserves	1,046,221	910,439	905,981	846,731	817,036
Total premium income	98,651	43,414	33,203	27,748	33,191
Pension payments	34,197	28,927	25,996	24,256	22,688
	2019	2018	2017	2016	2015
Solvency	111%	107%	112%	111%	113%

The above table shows that, as has been the case for numerous years, even the premium income alone is still enough to cover the pension payments without any problem. Furthermore, the above overview shows the very positive development of the Fund for the last 5 years, maintaining a very strong coverage ratio even through very tough times on the international financial markets as was the case back in 2008.

The Fund continues to enjoy a very solid funding ratio which is much higher than both the minimum as prescribed by the Central Bank (100%) and the minimum required net assets as determined by The Fund itself (105%). So the figures reiterate that the Fund has always been, and still is in the position to guarantee the pension payments now and in the future without any problem. The Board will continue its efforts to maintain and strengthen the financial position of the Fund.

Development International Investment Portfolio

In order to invest the Fund's assets as prudent and diversified as possible, the Fund invests both locally as well as in the international financial markets. Realizing that any investment does carry a certain level of risks, the Fund has chosen for an international investment portfolio mix that is relatively conservative positioned. The Fund's international investment portfolio is diversified into countries, regions, asset classes, sectors, and currencies.

Local investment portfolio

The Fund analyzed during the year several of the projects, and has committed to a number of them. The lack of economic growth, combined with the fierce competition, makes the local investment market a challenging one. The Fund continues to hope that next year, and the years thereafter, the local economy will finally start improving.

Fund return

During 2019, the Fund (without line by line consolidation of Vidanova Bank N.V. and Vidanova Life Insurance N.V.) has realized an overall return on the total investment portfolio of 8.44% (2018: -0.17%). On a fully consolidated basis, the Fund realized an overall return on the total investment portfolio of 6.84% (2018: 1.31%).

Risk management

One of the key activities that the Board of Managing Directors and Management do on a regular basis, is reviewing and approving the overall risk strategy and appetite of the Fund. During 2019, the Fund continued its risk analysis and risk monitoring process. One main criteria the Fund always takes into consideration is the saying: **No risk, No return**. This means that if no risk is taken, the goals of the Fund, being payment of pension on the long term, would not be achieved. It means also that sometimes it can happen that an investment can go wrong both locally as internationally, but most of the times you realize a good return since the Fund invests on a long term horizon not based on one year,

and in a diversified manner. Therefore, the Fund's main goal with its existing and future risk control mechanism is to provide **reasonable, but not absolute**, assurance to its stakeholders, that the entity's business objectives are achieved.

Our endeavor for you

Vidanova, considers it of utmost importance that its clients are satisfied with our performance and service. The Fund has committed itself to continuously assess whether this is the case. On behalf of the Fund, an independent entity conducts on a yearly basis a customer satisfaction survey amongst a representative sample of our sponsors and pensioners based on the ISO 9001 quality assurance policy-system. This survey has also been performed in 2019. The affiliated companies have scored the service of the Fund with an 8.4 and the pensioners have given a score of 8.5. We are very glad with this score and will continue striving to maintain this and if possible increase it as well.

The Fund and Vidanova Pension Management ("VPM"), being the servicing entity of the Fund, undergo on a yearly basis, a quality management system ISO 9001 audit, which is performed by an external independent ISO auditor from Dekra Certification B.V. Every 3 years an extension audit is also conducted by Dekra. This year the two entities underwent their extension ISO audit. We are pleased to confirm that again, both entities passed the test with flying colors ('met vlag en wimpel'). Therefore, for the next 3 years, the Fund and its subsidiary VPM hold the ISO 9001:2015 certificate. The BMD is proud of the continued great performance in this regard and congratulates management and staff with again a job well done. Management and Managing Board continue to strive for excellence being in control of all processes and will do its utmost to maintain the current progress and if possible excel in this respect.

VIDANOVA PENSION FUND FOUNDATION

The Board of Managing Directors



Independent Auditors' Report on the audit of the consolidated financial highlights

Opinion

The accompanying 2019 consolidated financial highlights, which comprise the consolidated balance sheet as per 31 December 2019 and consolidated profit and loss statement for the year then ended are derived from the audited consolidated financial statements of Vidanova Pension Fund Foundation for the year ended 31 December 2019.

In our opinion, the 2019 consolidated financial highlights have been derived consistently, in all material respects, from the 2019 consolidated financial statements of Vidanova Pension Fund Foundation.

Consolidated Financial Highlights

The consolidated financial highlights do not contain all the disclosures required by the Accounting principles Generally Accepted in the Netherlands. Reading the consolidated financial highlights and the auditor's report thereon is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The consolidated financial highlights do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements

We expressed an unmodified audit opinion on these 2019 consolidated financial statements of Vidanova Pension Fund Foundation in our report dated 24 April 2020.

Other information

Other information consists of the Board of managing directors report. Management is responsible for other information. Our opinion on the consolidated financial highlights does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial highlights of Vidanova Pension Fund Foundation our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited consolidated financial statements of Vidanova Pension Fund Foundation or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this information we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the consolidated financial highlights

Management is responsible for the preparation of the consolidated financial highlights in accordance with the accounting policies as applied in the 2019 consolidated financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on whether these consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagement to Report on Summary Financial Statements*.

Curaçao, 1 July 2020
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Ernst & Young Accountants

C. Smorenburg RA AA

Consolidated Balance Sheet as per December 31, 2019

(After profit appropriation)	2019	2018
<i>(figures in thousands Antillean guilders)</i> <i>All risks are for the fund</i>		
Assets		
Non Current assets:		
Investments:		
Bonds and Foreign Fixed Income Instruments	257,930	262,826
Shares	275,370	225,158
Alternative investments	1,089	1,630
Loans & advances	488,089	367,137
Time Deposits	165,652	148,532
	1,188,130	1,005,283
Investment property	38,986	36,583
Intangible fixed assets	13,486	13,914
Tangible fixed assets	12,276	12,117
Current assets:		
Loans & Advances	79,212	89,570
Receivables	32,938	30,670
Liquid assets	53,664	76,045
Due from Banks	164,653	64,594
TOTAL FUND ASSETS	1,583,345	1,328,776
Pension Capital and Liabilities		
Total technical and other designated reserves:	100,892	63,094
Minority interest third parties	5,010	4,987
Total Provisions and savings capital (Spaarkapitaal)	945,329	847,345
Long term debt	2,343	2,704
Total Non-current Liabilities:	153,613	80,473
Total Current Liabilities:	366,648	323,668
Other short term liabilities and accrued expenses	9,510	6,505
Total Pension Capital and Liabilities	1,583,345	1,328,776

Consolidated Profit and Loss Statement for the year ended December 31, 2019

	2019	2018
<i>(In thousands Antillean guilders)</i>		
Income		
Total premium income	98,651	43,414
Investment income	73,248	(3,479)
Bank Operating Income	25,610	23,085
Other income	5,254	2,420
TOTAL INCOME	202,763	65,440
Expenses		
Pension payments	34,197	28,927
Organizational expenses	27,468	27,402
Re- insurance (DC coverage)	2,330	1,424
Amortization Intangible Assets	1,712	2,046
Addition to bad debt provision	(37)	1,837
TOTAL EXPENSES	65,670	61,636
Minority interest	(18)	150
Net operational income before additions to provisions	137,075	3,954
Total additions to provision and savings capital	97,984	41,560
Net income (loss) after additions to provisions	39,091	(37,606)
Income Tax Expenses	(1,224)	430
Net income after (loss) additions to provisions and after tax	37,867	(37,176)