

Life's roughest storms,
prove the strength
of our anchors

Annual Report 2020



“ If you want to see the
sunshine, you have to
weather the storm. ”

Frank Lane

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“ Sometimes the hardest thing
and the right thing are the same. ”

The Fray

Board of Managing Directors and Managements' Report



Foreword

This is the annual report of Vidanova Pension Fund for the year 2020. A year that will go down in history as the year in which the Covid-19 virus had the whole world under its spell. During the year, the main focus of the Board of Managing Directors and Management was therefore

- to keep the business going
- to anticipate on the possible impact of the crisis and
- to take measures to mitigate the effects so that the Fund can remain financially strong and stable.

The year 2020, will be remembered as the year of the Covid-crisis. Besides its effect on healthcare, the crisis evolved as a major disruptive event for the economies worldwide. The financial systems and stock markets have been affected also. Unfortunately, our islands were also included in those affected.

The Fund was not immune for the consequences of the pandemic either. The Fund saw during the first quarter of the year a considerable drop in returns of its international investment portfolio. However, it benefitted also from the upwards trend of the market afterwards.

The local investment market has been a challenging one for a long time, and this has only gotten worse due to the pandemic. Although the Fund has not taken the decision to put all new financial requests on hold, extra caution has been taken when analyzing these requests.

On the actuarial side, the Fund moved to more prudent mortality tables being GBM-GBV 2014-2019 and the Fund lowered the actuarial rate to 3.75%, to become more prudent considering the very volatile markets of the last years and the lower overall returns the markets are giving. These actions led to a one-time increase in the provisions pension obligations. However, due to the good performance of the Fund and the level of the General reserve, this did not affect the coverage ratio substantially. The coverage ratio as per the end of 2020 remained at a level of 111%.

Acknowledgements

The Board wishes to express its gratitude and appreciation to the management and staff of Vidanova Pension Fund for their efforts and dedication during the year 2020. We also want to thank the Board of Supervisory Directors for their supervision and support during the year 2020. Finally, we want to thank all our affiliated companies, their employees and our retirees for having entrusted their financial future to us for over 50 years.

On behalf of the Board of Managing Directors:

**Humberto C. d' Abreu de Paulo MBA
President**



“ A sailor is not defined as much by how many seas he has sailed than by how many storms he has overcome. ”

Matshona Dhliwayo

Key figures for the last five (5) years

Assets and Liabilities	2020	2019	2018	2017	2016
(Amounts in thousands Antillean guilders)					
Total assets	1,608,864	1,583,345	1,328,776	1,303,099	1,286,180
Total Investments	1,358,256	1,306,328	1,131,436	1,095,863	1,073,567
Total provision and reserves	1,101,410	1,046,221	910,439	905,981	846,731
Total net Investment Income	78,619	98,858	19,606	79,723	52,460
Total premium income	34,931	98,651	43,414	33,203	27,748
Pension Payments	37,004	34,197	28,927	25,996	24,256
Total operational costs	27,509	27,468	28,826	25,548	22,979
Ratio's	2020	2019	2018	2017	2016
(in %)					
Solvency	111%	111%	107%	112%	111%
Participants	2020	2019	2018	2017	2016
(figures in numbers)					
Total participants	7,805	7,588	7,003	5,946	5,620
Participating companies	86	85	75	65	59



“ Wherever you see a successful business,
someone once made a courageous decision. ”

Peter Drucker

■ Profile

The Fund is a tax exempt private and open, multi-employer collective pension fund foundation, that has been providing its services to all the islands of the former Netherlands Antilles for over fifty years now. The Fund executes and administers the collective pension arrangements offered by its sponsors (affiliated companies) to their employees.

Vidanova started operations on April 25, 1968, originally as "Stichting Pensioenfonds voor de Antiliaanse Energie Bedrijven" which later was changed into: "Stichting Pensioenfonds Utiliteitsbedrijven". On December 23, 2002, the current name "Stichting Pensioenfonds Vidanova" or "Vidanova Pension Fund Foundation" was adopted.

Mission

We are committed to help our participants achieve financial well-being during all phases of their life.

Vision

With one leg in the daily business and one leg in the future, we provide a strong organization which, on the one hand responds in a customer-friendly, fast and diligent way to the current needs of our customers while on the other hand, in an innovative way we are getting a step ahead of developments in the market but always ensuring that the Fund remains solid and future-proof.

We are actively working on realizing our vision by:

- Further consolidating the Integrated Financial Service concept.
- Attracting more customers.
- Maintaining the quality of management, services and reputation at the highest level possible.
- Invest aggressively but with a good risk assessment in order to on the one hand guarantee the nominal pensions and on the other hand be able to grant some indexation on the medium term and full indexation on the long term.
- Reduction of our costs through the growth of our subsidiary Vidanova Pension Management ("VPM")
- Implementing innovations, mainly in the IT but also other areas through our subsidiary VPM.

■ Vidanova group of company services

In 2019 Vidanova Bank completed the process of achieving presence on the island of St. Maarten and during 2020 it welcomes the participants of St. Maarten as its clients.

While our efforts for Vidanova Bank to achieve presence in Bonaire have not been successful as yet, the Bank will continue, and intensify its efforts towards achieving a presence in Bonaire.

Although the year 2020, was a difficult year to achieve significant growth, we do notice that Vidanova Life is increasingly making its way onto the market; people know where to find us. Vidanova Life has strengthened the break-even point reached in 2019 and has maintain a profitable position as per the end of 2020.

■ Governance of the Fund

Board of Supervisory Directors

As per December 31, 2020, the Board of Supervisors consists of the following persons:

	Name	Function	Representative of
1	Mr. A. Haile	Independent Chairman	Independent
2	Mr. S. Frankena	Secretary	Participants
3	Mr. C. Willems	Member	Participants
4	Mrs. Martha-Weert	Member	Sponsor
5	Mrs. A. Daou	Member	Sponsor
6	Mr. S. Antonisia	Member	Participants
7	Mr. E. Valks	Member	Participants
8	Mr. B. Kingsale	Member	Sponsor
9	Mr. R. Sprecher	Member	Sponsor
10	Mr. G. Williams	Member	Participants
11	Mrs. R. Francees	Member	Participants
12	Mrs. H. Etnel-Hermelijn	Member	Sponsor
13	Mrs. M. Holiday-Hazel	Member	Participants
14	Mr. R. Engels	Member	Sponsor
15	Mrs. J. Balentien	Member	Sponsor
16	Mr. M. Manuela	Member	Participants

As per December 31, 2020, there was one vacancy in the Board.

Board of Managing Directors

Mr. H.C. d' Abreu de Paulo	Independent President
Mr. W.J. Curiel	Treasurer
Mr. A.G. Romero	Secretary



Management of the Fund

The day to day activities of the Fund and the support to the Board of Managing Directors are executed by Vidanova Pension Management Foundation ("VPM"), a full subsidiary of the Fund. VPM is led by its Management team consisting of Executive Director Mrs. C. Alberto and Finance Director Mr. U. Dalnoot. As per December 30, 2020, VPM has been converted into a limited liability corporation (B.V.) with a new name: Vidanova Management and Administrative Services B.V.

Board meetings

During the year 2020 the Board of Supervisory Directors met 2 times alone, and 4 times with the Board of Managing Directors. The Board of Managing Directors met with the Management of Vidanova Pension Management on a bi-weekly basis regarding the Fund's issues and developments, as well as its policies. These meetings were prepared by the Executive Director in close cooperation with the Board of Managing Directors. All decisions have been recorded in the minutes.

Promotion of knowledge and effective management

Vidanova ensures that the Board members and management are competent for their tasks. At the start of each membership, a prospective member undergoes a review based on a number of selection criteria like knowledge, profile, experience etc. The members must ensure that they continue to meet the requirements set forth at the time they became a member.

Due to the Covid-19 pandemic, most training has been put on hold. However, Management did follow during the year a variety of courses and seminars. Some of these seminars were organized by CaPAs, the representative organization of pension funds of the Dutch Caribbean.

Quality assurance policy

The Fund has formulated its quality assurance policy as follows:

"In order to be able to provide services of a high quality, the Fund works with a management system that meets the criteria of NEN ISO 9001: 2015. The management system promotes the professionalism of the organization, and ensures that the Fund consistently provides its customers with a product and / or service that fulfils the contractual needs.

The Fund also affirms that it will comply with legal and other applicable requirements".

Furthermore, each year the Board of Managing Directors performs a Management review whereby the performance of the Fund is evaluated. Alongside this management review, the independent auditors of Dekra Certification B.V. conduct an independent review of the quality assurance system of the Fund through an ISO external audit 9001 as mentioned below under compliance.

Customer Satisfaction

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. The Fund 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, that is done by an independent party, has again taken place in 2020. The affiliated companies have scored the service of the Fund with an 8.6 and the pensioners have also given a score of 8.6. We are very glad with this result and will continue striving to maintain this and increase it if possible.

Compliance

The Fund and Vidanova Pension Management, 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 yearly surveillance ISO audit. We are pleased to mention that again, both entities passed the test with flying colors. The Fund and its subsidiary VPM hold the ISO 9001:2015 certificate.

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.

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.

Financial development of the Fund during the year

Development in pension plans

During 2020, the number of affiliated companies remained practically the same. There were hardly any requests for offers. Mainly due to the current Covid-crisis, companies that do not have a pension scheme will not easily enter into a new pension plan. The number of active participants has therefore seen little change. As a result of the above, there has also been no further shift in the relationship between DB scheme and DC scheme as we have seen in recent years.

The DB-plans and the DC-plans themselves have not been changed during the current year. In the calendar year. However, various aspects of the schemes were further specified in policy guidelines. This facilitates the implementation of the plans and contributes to their unambiguous application. For example, policy guidelines have been developed for redemption of pensions, how to deal with savings capital in the event of a divorce, restitution of savings capital upon emigration, payment of grief money and policy with regard to canceled pensions.

Development in Provision (Pension) Obligations

The provision for pension obligations DB-plan (including the Provision for Adjustment to Recent Mortality Tables (VAS) amounted to ANG 794,130K as per December 31, 2020, (2019: ANG 763,532K). This is an increase of 4.00% compared to 2019.

As per December 31, 2020, the Fund has adopted more up to date mortality tables being the GBM-GBV 2014-2019 tables and lowered the actuarial rate from 4% to 3.75%.

The provision insurance obligation, being the technical provision of Vidanova Life, amounted to ANG 57.760K as per December 31, 2020 (2019: 60.153K)

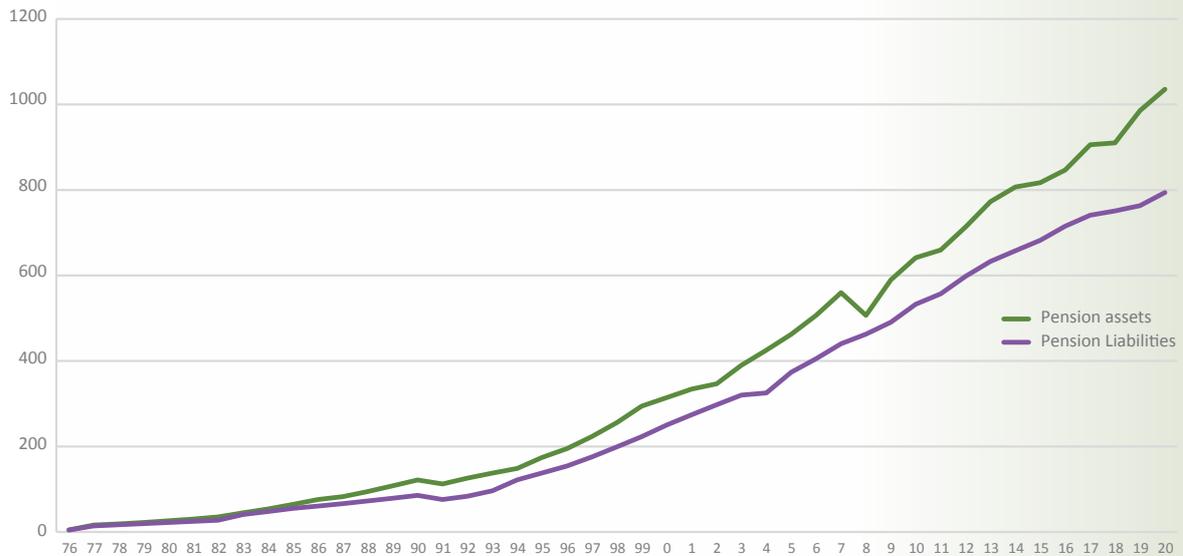
Coverage Ratio development

The coverage ratio of the Fund as per December 31, 2020, is 111% (2019: 111%). Despite the amendment of the actuarial rate, the coverage ratio remained very strong. This is mainly due to the fact that the performance of the Fund's investments (especially the international investment portfolio) was good enough to generate sufficient return to cover the necessary additional provision.

Considering the aforementioned, 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 Fund is in the position to guarantee the pension payments now and in the future. The Board will continue its efforts to maintain and strengthen the financial position of the Fund.

The following chart gives a graphic overview of the development of the pension assets versus the pension liabilities since inception.

Pension assets v.s. liabilities



Indexation

The Fund's policy is aimed at being able to adjust the pensions as much as possible to the price index. However, any indexation will only be possible if the indexation policy terms are fulfilled. Based on the indexation policy, indexation can only be granted if the policy-coverage ratio is above 115%.

The policy coverage ratio is calculated as follows:

$$\frac{\text{Total capital} - (105\% * \text{Savings capital DC})}{\text{The provision for pension obligation DB} + \text{provision for adjustment to recent mortality tables}}$$

The provision for pension obligation DB + provision for adjustment to recent mortality tables

As per December 31, 2020, the policy – coverage ratio equals 112%.

Taking into consideration that the policy coverage ratio is below the limit of 115%, no indexation was granted as per January 1, 2021.

Asset Management

Introduction

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. In order to better control the inherent risks of our investments as much as possible, 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. In doing so, the Fund tries to ensure a good level of downside protection (being our primary goal) while maintaining an acceptable level of return over full market cycles. The Fund's international investment portfolio is diversified into countries, regions, asset classes, sectors, and currencies.

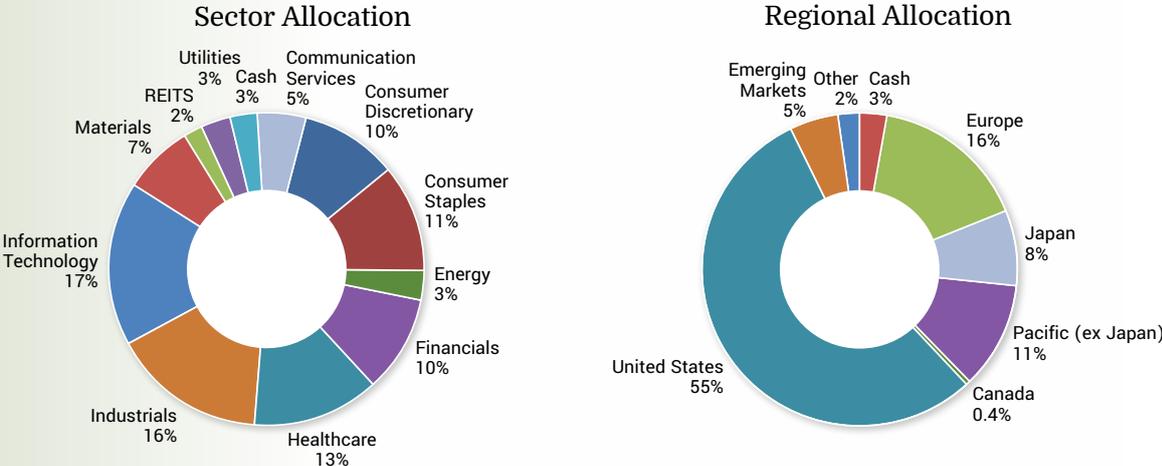
The international investments are done through a variety of investment managers whereby an independent investment advisor has been engaged to oversee and control these international managers. The independent investment advisor reports formally each quarter to the Fund and more frequently if necessary.

The investments of the Fund are guided by its investment policy statement (IPS) which main aim is to outline the overall investment philosophy of the Fund. This policy has worked relatively well for years. This does not entail however, that the returns are always as desired. Interest rate have been under pressure for a long time. It is becoming more and more of a challenge to achieve reasonable high returns. The international investment portfolio is and will continue to be subject to market volatility leading to higher or lower returns during a market cycle.

Development International Investment Portfolio

The distribution of the international investment portfolio as per December 31, 2020, is presented in below graphics.

Asset Allocation – International Investment Portfolio:



Note: The graphics of allocations are based on Independent Investment Advisor’s information.

To say that 2020 was an eventful year would be an understatement. The year began with serious tensions between Iran and the U.S., saw an impeachment of a sitting U.S. President, experienced equity markets falling by over a third and then closing the year with strong performance and at all-time highs, and a contentious U.S. election. As everyone is aware, we also experienced a global pandemic, the likes of which haven’t been seen in over 100 years.

The equity markets, as measured by the S&P 500, fell from their prior all-time highs on February 19th to 2020 lows on March 23rd. During this period the S&P 500 fell -34%. This decline was a rational response to the pandemic’s impact on corporate earnings and GDP.

In response, global central banks lowered short term rates and began monetary stimulus efforts. Governments around the world also enacted fiscal stimulus efforts. The Pandemic and the actions of the central banks caused the yield curve to flatten significantly, with the long-end of the curve hitting historically low levels. This pulled return for bonds forward, and allowed them to out-return their yield for the year. From March 23rd onward, the equity markets rebounded in a V-shaped manner on the back of stimulus and the hope of a vaccine.

In the context that the world continues to face a global pandemic, investors experienced better than expected investment results for 2020. Equity markets ended the year significantly higher, with the S&P 500 rising +18.4%, the MSCI EAFE rising +7.8%, and the MSCI Emerging Markets index appreciating +18.3%. Global fixed income,

as measured by the BB Global Aggregate Bond Index appreciated +9.2%. All things considered, investors should be very pleased with 2020 results.

The above data is based on information from LCG, our independent investment advisors.

The Fund has maintained its principle of downside protection as an important criterion for the portfolio in order to protect as much as possible against major losses. However, on a tactical level the Fund may make a number of tactical changes in the portfolio if considered necessary, to enable it to better capture the desired return while still protecting as much as possible within the risk margin against bad weather in financial markets.

Local investment portfolio

Major local macro-economic developments

Amid the global outbreak of the COVID-19 coronavirus, the Central Bank of Curacao and Sint Maarten ("CBCS") expects Curacao's GDP to contract by 20.4% in 2020. The expected contraction is based on the effects of the border closure for a period of 3 months and the total lockdown that was in place for a period of 6 weeks which had an enormous macroeconomic impact on domestic and net foreign demand. In 2021, a positive economic turnaround of 6.6% is projected for Curaçao by the CBCS.

For the economy of Sint Maarten, the CBCS expects a contraction of 24.5% in 2020. According to the CBCS, the size of Sint Maarten's economic contraction in 2020 and expected recovery in 2021, depends to a great extent on the pace of global economic recovery once the Corona virus measures are relaxed. In particular, the pace of recovery in the United States, and Europe will be crucial for the economy. In 2021, Sint Maarten's real GDP is projected to rebound by 10.3% driven by a surge in net foreign demand, moderated by a decline in domestic demand.

The local investment market has been a challenging one for a long time, and this has only gotten worse due to the pandemic. The Fund has not taken the decision to put all new financial requests on hold during the year. However, extra caution has been taken when analyzing these.

Development of local investment portfolio

The Fund has placed all (Caribbean) investments under close monitoring considering the great impact the crisis is having on individual companies and on the economy as a whole. We had to grant waivers for payment of principal and or interest to a great majority of our borrowers, especially in the tourism sector. Due to the fact that the borders have been closed for some time, followed by the categorization of the islands as code orange and/or red by the Governments of the main markets (the Netherlands and USA), and the wide spread of the virus in the Latin American markets, the occupancy rates of the hotels have reached all-time lows.

Also the other entities that profit from tourism had suffered serious decrease in clients. Considering all this and taking into consideration that we did not see in 2020 a real threat for continuity of the entities, we granted most of the requested waivers. However, we analyzed each case to see its merits before granting the waivers.

Fund Return

The total investment portfolio of the Fund (without line by line consolidation of Vidanova Bank N.V. and Vidanova Life Insurance N.V. as per December 31, 2020, increased to ANG 995.9 million, compared to ANG 928.4 million as per the end of 2019. This increase is primarily due to the very good performance of the international investment portfolio for the year.

During 2020, 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 5.71% (2019: 8.44%).

The total investment portfolio of the Fund on a fully consolidated bases, increased to ANG 1.358 million as per December 31, 2020, compared to ANG 1.306 million as per the end of 2019.

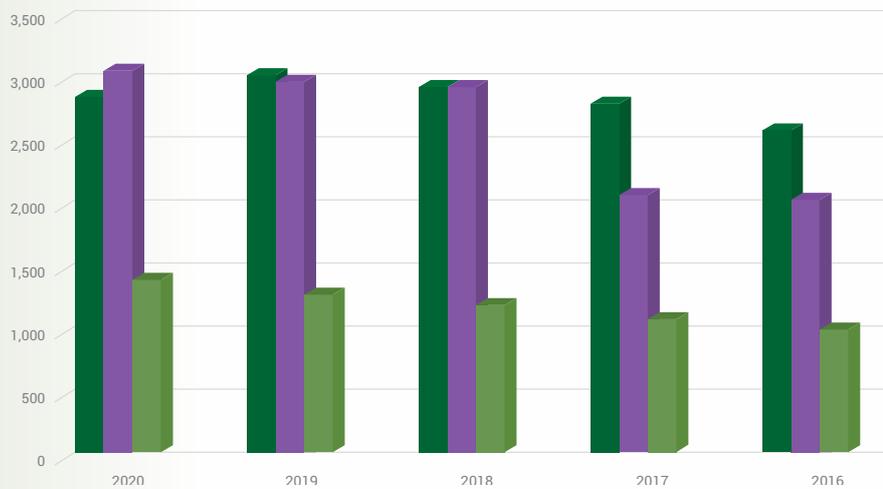
Pension Management

Development in participants

The year 2020 showed a decrease in the number of active participants and an increase in the participants with deferred rights. This is primarily due to lay off at some sponsors. The number of pensioner's grew by 8% compared to last year, which is in accordance with last year's growth (8%).

In the following graphs the development in the participants of the Fund is shown.

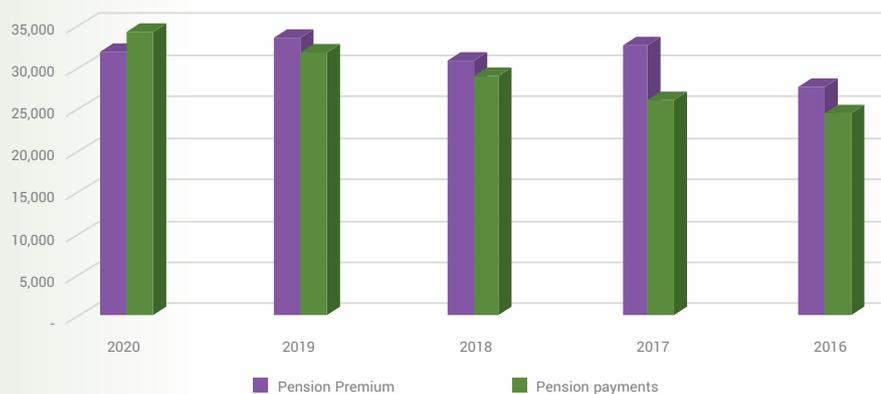
Participant's graphic



Development pension premium versus pension payments

The development of the pension premium versus the pension payments is showed in the graph below. The graph shows that for the year 2020, for the first time, the pension payments have become more than the pension premium received. However, as the pension fund is not based on pay as you go system but on the basis of capital funding, the pension payment being more than the premium received is not a problem.

Pension premium versus Income



Development with respect to our sponsors

During 2020, the number of affiliated sponsors of the Fund grew from 85 last year to 86 as per the end of the year. The pension plan of the personnel of VPM is being carried out by the Fund itself. Besides this arrangement, the following active companies are affiliated to the Fund as per December 31, 2020:

ACSION CURA B.V., CURACAO	EXTRA PRODUCTIONS, CURACAO
ADMINPERFECT, CURACAO	FIRST INDEPENDENT TRUST (CURACAO)
AMERICAN CONSULATE, CURACAO	FLAMINGO TELEVISION BONAIRE
AQUALECTRA, CURACAO	FLORIS SUITE HOTEL, CURACAO
AQUALECTRA HOLDING, CURACAO	FUNDASHON CAS BONAIRIANO, BONAIRE
AQUALECTRA MULTI UTILITY, CURACAO	FUNDASHON NOS TEI PA OTRO, CURACAO
AVENTA/PHARMACEUTICAL WAREHOUSING N.V., CURACAO	FUNDASHON PA MANEHO DI ADIKSHON, CURACAO
BAKER TILLY CURACAO	HEART & LUNG, CURACAO
BETONWARENFABRIEK BRIEVENGAT, CURACAO	HEREN2, CURACAO
BDO B.V., CURACAO	MIJNMAATSCHAPPIJ, CURACAO
BDO SXM B.V., SINT MAARTEN	N.V. AUTOBUSBEDRIJF, CURACAO
BLUE BANK INTERNATIONAL N.V., CURACAO	N.V. GEBE, SINT MAARTEN
BONAIRE HOLDING MAATSCHAPPIJ N.V., BONAIRE	NAGELMAKERS ADVOCATEN, CURACAO
BROAD SERVICES, CURACAO	PBC OPERATING N.V. (HOTEL), CURACAO
CARIBBEAN MEDIC HEALTH CARE SYSTEMS, CURACAO	PRINCESS BEACH CASINO, CURACAO
CARIBBEAN NAUTICAL	PRODUCTIVE BUSINESS SOLUTIONS (CURACAO) B.V.
CCR CASINO MANAGEMENT N.V., CURACAO	REFINERIA DI KORSOU N.V., CURACAO
CCR HOTEL MANAGEMENT N.V., CURACAO	SABA ELECTRIC COMPANY N.V., SABA
CINEMARK CURACAO B.V.	SATEL, SABA
CITIZENS INSURANCE, CURACAO	SMITH & NEPHEW INC, CURACAO
CONSTRUCTION AND SUPPLY DELF N.V., CURACAO	STICHTING SONA, CURACAO
STICHTING CORDELCO, CURACAO	ST. EUSTATIUS SPORTS FACILITIES FOUNDATION, SINT EUSTATIUS
CURACAO DOLPHIN ACADEMY, CURACAO	ST. KORPORASHON PA DESAROYO DI KORSOU, CURACAO
CURACAO DOLPHIN THERAPY & RESEARCH CENTER	ST. ZORGVRELENING HET WIT GELE KRUIS, ST MAARTEN
CURACAO INDUSTRIAL SERVICES N.V., CURACAO	STATIA HOUSING FOUNDATION, SINT EUSTATIUS
CURACAO INVESTMENT & EXPORT (CINEX), CURACAO	STATIA UTILITY COMPANY N.V., SINT EUSTATIUS
CURACAO PUBLIC AQUARIUM, CURACAO	STICHTING AMBULANTE JUSTITIËLE JEUGDZORG, CURACAO
CURACAO REFINERY UTILITIES, CURACAO	STICHTING ANIMO, CURACAO
CURACAOSE WEGENBOUW MAATSCHAPPIJ, CURACAO	STICHTING NAAM, CURACAO
CURGAS, CURACAO	STICHTING OPVANGTEHUIS BRASAMI, CURACAO
CUROIL (BONAIRE), BONAIRE	STICHTING S.A.L. (MONGUI) MADURO, CURACAO
CUROIL CURACAO N.V.	SUB STATION CURACAO
CUROIL GASSTATION, CURACAO	TELBO N.V., BONAIRE
DATAPLANET, CURACAO	TELEM, SINT MAARTEN
DE MEANDERSCHOOL, CURACAO	THE GALAN GROUP, CURACAO
DOLPHIN HOTEL, CURACAO	TOUCAN BEACH RESORT N.V., CURACAO
DRIVE YOURSELF, CURACAO	TOURISM CORPORATION BONAIRE, BONAIRE
DUTCH CARIBBEAN SECURITIES EXCHANGE, CURACAO	TRUSTMOORE (CURACAO) N.V., CURACAO
DUTCH CARIBBEAN TRUST, CURACAO	UTILITY CREDIT UNION, CURACAO
DYNAF CURACAO	UTS, CURACAO
CONTOURGLOBAL BONAIRE	VIDANOVA BANK N.V., CURACAO
EJL SERVICE B.V.	VR SHIPPING N.V.
EUTEL N.V., SINT EUSTATIUS	WEB N.V., BONAIRE

Pension arrangements

In order to service its clients better considering its technological possibilities, the Fund has a flexible range of pension arrangements and /or plans available for DB plans as well as for DC plans. The Collective DC plan called CDC plan, is a DC plan with some DB characteristics. There are no sponsors with this last type of plan as yet. These plans offered are very flexible to incorporate the several requirements of actual and potential sponsors. New and current sponsors are welcome to adopt any of our plans.

Risk Management

As part of its Risk Management, Vidanova Pension Fund has developed an Enterprise Risk Management Framework aimed at achieving the business objectives set by the organization. This involves identifying the several risks, understanding the risks, determining the Fund's exposure to each risk and the likelihood of adverse outcomes related to each risk. Furthermore, setting acceptable levels of risk, measuring, monitoring and controlling these risks, and ensuring that an adequate and effective internal control system is in place, is an important part of this Risk Management Framework.

Based on its ALM study, the Fund has defined on a strategic level its risk appetite and a number of key risk aspects. Management and the Board have defined in this process the following important key risk:

- Maximum chances of underfunding.
- Maximum chances of shortening of pension rights.
- Maximum percentage of any possible shortening if applicable.

This risk appetite has been defined beforehand and corresponding policies to avoid exceeding the limits stipulated for the risk appetite have been developed in order for the Fund to be prepared in the unlikely case of underfunding.

On a more tactical level, the Fund uses a Risk Monitoring Matrix in which for each top-level risk it has outlined the corresponding key risks, the control mechanism, and the key risk indicator. The Risk Monitoring Matrix is used to monitor the several risks of the Fund on a periodic basis.

By involving organizational advisors and external third parties, the Fund tests the adequate functioning of its risk controlling mechanism and the robustness of its processes. Management reviews the organization's quality management system, at planned intervals, to ensure its continuing suitability, adequacy, and effectiveness. This review includes assessing opportunities for improvement, and the need for changes to the quality management system, including the quality policy and quality objectives.

The risk appetite of the Fund on the long term continues to be based on the chosen maximum chance of underfunding, and the probability of

curtailment of accrued pension rights. On the short term this manifests itself in minimum funding requirement or the bandwidth thereof.

One main criteria the Fund always takes into consideration is the saying: **No risk, No return.** 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. In determining the policy, and taking important decisions, the Managing Board and Management will continue to do their utmost to achieve the right balance between risk, achieving of objectives and adequate control of risks.

There's no question that one of the main risks that worldwide everyone has confronted in 2020 was the Corona-19 Virus. We evaluated in a timely fashion the several risks related to the Covid pandemic and has taken, where appropriate, the necessary measures. The main areas of focus were the possible effect on:

- The operations of the Fund
- Our sponsors, and consequently on our premium income
- The investments both local as well as international

Operations of the Fund

With respect to the operations of the Fund, these continued, besides some small delays, without interruptions. We analyzed the possible impact of the crises on the operations of the Fund through a thorough evaluation. In a very early stage we analyzed the internal measures to be taken to continue operating despite the crises. The Fund therefore was able to function without issues when a lockdown was enforced



by the government. We also arranged for a replacement schedule if a member of the staff or management would become sick. The services by Vidanova Pension Management continued in a satisfactory manner.

We also made great steps towards digitalizing a lot of the processes that were being done manually.

Our sponsors

We analyzed the risks that 3 types of sponsors may confront and the influence on the Fund and any countermeasures the Fund could take: small companies, mid-sized companies and the hotel sector.

The main question was: what if (major) sponsors would terminate their contract or not pay premium?

Considering that if a sponsor does not pay its pension premium, no pension rights would be accrued, this is not a major risk for the Fund. However, if (major) sponsors would terminate their pension arrangement because of the financial burden on the company, this will affect the result on cost for the Fund, considering that in the premium a cost surcharge is included while the fixed costs of the Fund will continue.

In order to be able to deal with a possible drop in cost surcharge, management took several cost reduction measures and postponed several planned projects for the year. Furthermore, we decided to consider with willingness a request for temporary waiver on pension premium payment by sponsors who request this.

We saw however, that almost no requests for waivers were requested by the sponsors.

Our investments

The effect of the crises on our investments has been set out in the asset management section of this report. On the management level, Management and the Board intensified their contact (both verbal as well as written) with the Fund's investment advisor on the risks the international investment portfolio confronted and any measures that should be taken or not. Also periodic updates on the portfolio were intensified.

With respect to the local portfolio, we did an analyses of the possible impact of the crises on our Borrowers. We analyzed the sectors that might be hit hard by the crises, the risks in this regard and the portion this would represent within the portfolio. Furthermore, we also analyzed what the consequences might be for repayment of our Caribbean investments if the Central banks of these countries would also impose restrictions on foreign currency transfers. The evaluation resulted in a decision to look with willingness at requests for temporary waivers for interest and principal repayments but analyze this on a case by case basis and decide based on this analyses whether a Borrower will get the waiver or not.

Taking the possible effect on our sponsors and on our investments into consideration, the Fund has also intensified its cash management during the pandemic.

Looking back at the year 2020, we can state that the Fund analyzed in a timely fashion the several risks and measures related to the Covid pandemic and has taken, where appropriate, the necessary measures. We are glad to state that fortunately, the Fund and its employees, did not suffer any major negative impact of the Pandemic.



“ The worst business decision you can make, is no decision. The needs are not going to go away. ”

John Peace

Goals for 2021

Our main goal is to safeguard continuity. In this respect a couple of actions will be taken. As mentioned before, the actuarial rate has been lowered to 3.75%. Furthermore, the ALM-study that had been put on hold due to the uncertainty regarding the impact of the Corona Crisis, has been resumed and is aimed to be completed at the beginning of 2021. The results of the ALM study will be translated into a new ABTN and will be implemented in 2021.

On the asset management front, the results of the ALM study will be decisive in determining the Strategic Asset Allocation for the long term and if necessary, the IPS will be amended. The ALM study will be followed by a risk budget study. Based on the risk budget study the tactical investment policy for the short term will be filled in.

In 2021, *the Integrated Financial Services (IFS)* concept will be taken a step further in the sense that the several entities within the Vidanova group will be working closer together to help our participants achieve financial well-being during all phases of their life. Furthermore, the entities will be working on defining the corporate identity for the group so that all communication and media expression of every entity within the group will be aligned with the corporate identity on a higher lever in order to further strengthen the IFS concept.

Due to the pandemic and the changing way we all interact with each other, *optimization of client satisfaction* must be reshaped. In 2021 special attention will be paid to the new way of communication with our clients.

In the last couple of years, Vidanova has implemented several *IT-projects* in order to enhance its functioning and the service towards its clients such as a new Website, a management portal, an employer's portal, and a participant portal which gives the participants the possibility to have online insight in their pension information. As the pandemic made it very clear that IT is no longer considered a luxury, in 2021 the implementation of our digital strategy will be continued in full force.

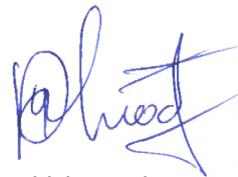
Curaçao, May 7, 2021

ON BEHALF OF VIDANOVA PENSION FUND FOUNDATION

Management:



Charlene C. Alberto
Executive Director



Ulrich E. Dalnoot
Finance Director

Board of Managing Directors:



H.C. d' Abreu de Paulo
President



A. Romero
Secretary



W.J. Curiel
Treasurer

Financial Statements

Consolidated Balance Sheet as per December 31, 2020

(After profit appropriation)

(figures in thousands Antillean guilders) All risks are for the Fund	2020	2019
Assets		
<u>Non Current assets</u>		
Investments:		
Bonds and Foreign Fixed Income Instruments	230,212	257,930
Shares	307,489	275,370
Alternative investments	1,010	1,089
Loans & advances	539,323	488,089
Time Deposits	158,580	165,652
	1,236,614	1,188,130
Investment property	42,133	38,986
Intangible fixed assets	12,997	13,486
Tangible fixed assets	11,614	12,276
<u>Current assets</u>		
Loans & advances	79,509	79,212
Receivables	45,862	32,938
Liquid assets	45,759	53,664
Due from Banks	134,376	164,653
Total Fund Assets	<u>1,608,864</u>	<u>1,583,345</u>
<u>Pension Capital and Liabilities</u>		
Total technical and other designated reserves	103,373	100,892
Minority interest third parties	4,714	5,010
Total provisions and savings capital (Spaarkapitaal)	998,037	945,329
Long term debt	1,815	2,343
Other non-current liabilities	105,908	153,613
Current Liabilities	395,017	376,158
Total Pension Capital and Liabilities	<u>1,608,864</u>	<u>1,583,345</u>

Consolidated Profit and Loss Statement for the year ended December 31, 2020



(In thousands Antillean guilders)	2020	2019
Income		
Total premium income	34,931	98,651
Investment income	54,919	73,248
Bank operating income	23,700	25,610
Other income	11,814	5,254
Total income	125,364	202,763
Expenses		
Pension payments	37,004	34,197
Organizational expenses	27,509	27,468
Re- insurance (DC coverage)	2,172	2,330
Amortization intangible assets	2,069	1,712
Addition to bad debt provision	490	(37)
Total Expenses	69,244	65,670
Minority interest	(155)	(18)
Net operational income before additions to provisions	55,965	137,075
Total additions to provision and savings capital	(53,197)	(97,984)
Net income after additions to provisions	2,768	39,091
Income Tax Expenses	(1,021)	(1,224)
Net income after additions to provisions and after tax	<u>1,747</u>	<u>37,867</u>

Notes to the consolidated financial statements 2020

General

The purpose of the Fund, with its statutory seat in Willemstad, Curaçao, is to grant or facilitate the extension of pensions and other benefits to participants or former participants, and their posthumous positions, all this in accordance with the articles of incorporation, the existing policies and other relevant regulations set by the Supervisory and Managing Board, and within the limits of the means of the Fund.

These consolidated financial statements have been approved on May 7, 2021.

Changes in accounting policies

There were no changes in accounting policies for the year.

Comparative figures

The accounting policies applied are consistent with those applied for the previous year. Where necessary, comparative figures have been adjusted to align with the presentation in the current year.

Impairment of non-current assets

At each balance sheet date, the Fund assess whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Going Concern

The going concern assumption was applied during the preparation of these consolidated financial statements.

Consolidation & Participation

In the consolidated financial statements of the Fund, the assets and liabilities of Vidanova Pension Management Foundation, Vidanova Beheer B.V., Kaya Flamboyen Real Estate 1 C.V, In the Blue 2 C.V. Vidanova Real Estate Development N.V., Vidanova Life Insurances N.V. and Vidanova Bank N.V. are consolidated on a line by line basis. All these entities have their statutory seat in Willemstad, Curaçao.

The Fund has an absolute majority and control over all the above mentioned entities, and has also a minority stake in the capital of CMC Real Estate N.V. with its statutory seat in Willemstad, Curaçao. Therefore, except for CMC Real Estate N.V., it has consolidated the figures of all these entities fully in its own financial figures, taking into consideration the interest of its other partners as "minority interest" on the balance sheet and profit and loss statement. The subsidiaries have the same functional currency as the Fund being: "ANG". All significant intercompany transactions and balances between the group enterprises have been eliminated on consolidation.

Accounting policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands, among which the 'Richtlijn voor Jaarverslaggeving' as published by the "Raad voor de jaarverslaggeving" taking as much as possible into consideration "Richtlijn 610".

RJ 610 is linked to the Dutch "Pensioenwet" and contains regulations regarding valuation principles and presentations for pension funds as included in the related "Algemene Maatregelen van Bestuur". Since Vidanova has its statutory seat in Curaçao, Management has decided to apply RJ 610 as much as possible except where it may be in contrast with local regulations, and/or where the situation in Curaçao differs from the Netherlands". Two items to be mentioned specifically in this regard are: the liabilities and some investments are not valued at fair value. Furthermore, the applicable rules and regulations of the Central Bank of Curacao and St. Maarten have been observed.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the Netherlands requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions, actual results in the future could differ from such estimates and the differences may be material to the consolidated financial statements.

Provisions for loan losses (specific provisions) are recognized based on periodic valuation of the loan portfolio. Considerable judgment is exercised in determining the extent of the loan loss provision (impairment) and includes review of individual loss cases. Changes in such judgments and analyses may lead to changes in the provisions for loan losses over time.

Provision Insurance Obligations

The provision has been calculated based on a fixed discount rate per policy, taking into consideration the net premium.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that will be required to settle the obligation and can be reasonably estimated.



“ We must free ourselves of the hope that the sea will ever rest. We must learn to sail in high winds.

Aristotle Onassis

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V

Related Parties

The related parties of the Fund are the consolidated entities, and its sponsors.

VI

Subsequent events

There are no material subsequent events to mention.

VII

Other Information

Statutory appropriation of the surplus

In the articles of incorporation, there is no specific stipulation regarding the appropriation of any surplus or deficit for the Fund. Any surplus or deficit for the year is however, booked respectively in favor of, or charged to the several reserves of the Fund. The Fund is a tax-exempt entity.



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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED GLOSSY FINANCIAL STATEMENTS

To: the Board of Managing Directors of Vidanova Pension Fund Foundation

Opinion

The consolidated glossy financial statements of Vidanova Pension Fund Foundation for the year ended December 31, 2020 are derived from the audited consolidated financial statements of Vidanova Pension Fund Foundation.

In our opinion, the consolidated glossy financial statements are consistent, in all material respects, with the audited consolidated financial statements 2020 of Vidanova Pension Fund Foundation.

The consolidated glossy financial statements comprise:

- The consolidated balance sheet as per December 31, 2020
- The consolidated profit and loss statement for the year ended December 31, 2020
- The notes comprising a summary of the accounting policies and other explanatory information

Consolidated Glossy Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the consolidated financial statements 2020 of Vidanova Pension Fund Foundation in our auditor's report dated May 7, 2021.

Other information

Other information consists of the Board of Managing Directors and Managements' Report. Management is responsible for other information. Our opinion on the consolidated glossy financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated glossy financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited consolidated glossy financial statements 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.



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Management's Responsibility for the Consolidated Glossy Financial Statements

Management is responsible for the preparation of the consolidated glossy financial statements in accordance with the accounting policies as applied in the 2020 consolidated financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the consolidated glossy financial statements which are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing, including the Standard on Auditing (ISA) 810 (Revised), *Engagements to report on summary financial statements*.

Curaçao, 8 July 2021
12045203 120/23328

Ernst & Young Accountants

Signed by
R.J.W. van Nimwegen RA



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