

# Vidanova Pension Fund withstands the Pandemic and maintains its **funding ratio of 111%**

## Consolidated financial highlights 2020

### Foreword

The year 2020, will be remembered as the year of the Covid-crisis with all its consequences.

The Fund was not immune for the consequences of the pandemic either and had seen during the first quarter of the year a considerable drop in returns of the international investment portfolio. However, it benefitted also from the upwards trend of the market afterwards and has maintained a very strong financial position. Ultimately, the fund ended the year with a funding ratio of 111%.

### Major developments within Vidanova Pension Fund in 2020

- During the Pandemic, the operations of the Fund continued, besides some small delays, without interruptions and we were able to keep servicing our clients in a satisfactory manner.
- The Fund moved to more prudent mortality tables being GBM-GBV 2014-2019.
- The actuarial rate was lowered from 4% 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.
- The Fund underwent its yearly surveillance ISO audit and passed the test with flying colors and keep holding the ISO 9001:2015 certificate.
- 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 also the pensioners have given a score of 8.6.

### 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.

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 changes in the portfolio if considered necessary, to enable it to better capture the desired return while still protecting as much as possible against bad weather in financial markets. This strategy has also worked well in 2020.

### Development Local investment portfolio

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

### Development of the Fund during last 5 years

(Amounts in thousands Antillean guilders)	2020	2019	2018	2017	2016
<b>Assets and Liabilities</b>					
<b>Total assets</b>	<b>1,608,864</b>	1,583,345	1,328,776	1,303,099	1,286,180
<b>Total investments</b>	<b>1,358,256</b>	1,306,328	1,131,436	1,095,863	1,073,567
<b>Provision and reserves</b>	<b>1,101,410</b>	1,046,221	910,439	905,981	846,731
<b>Total premium income</b>	<b>37,547</b>	98,651	43,414	33,203	27,748
<b>Pension payments</b>	<b>37,004</b>	34,197	28,927	25,996	24,256
<b>Solvency</b>	<b>111%</b>	111%	107%	112%	111%

year. However, extra caution has been taken when analyzing these.

All local investments have been placed under close monitoring considering the great impact the crisis is having individual companies and on the economy as a whole. The Fund has granted and waivers for payment of principal and or interest to a great majority of our borrowers, especially in the tourism sector. However, we analyzed each case to see its merits before granting the waivers.

### Fund return

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%). On a fully consolidated basis, the Fund realized an overall return on the total investment portfolio of 5.39% (2019: 6.84%).

### Development participants and sponsors

The number of active participants decrease in 2020 from 2,988 to 2,816, while the number of participants with deferred rights increased from 2,952 to 3,072. This is primarily due to lay off at certain sponsors. The number of pensioners grew to 1,402 compared to 1,303 in 2019. The number of affiliated sponsors of the Fund grew from 85 to 86.

### 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.

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

We are glad to state that fortunately, the Fund and its employees, did not suffer any major negative impact of the Pandemic.

### Our commitment to you

Vidanova considers it of utmost importance that the Funds remain financial solid and strong and that our clients are satisfied with our performance and service. We are very much aware that all our participants are trusting us with their financial future. We therefore set the bar very high for ourselves when serving the interest of our participants, but always with a realistic view on things and managing our risks very prudently. The lowering of the actuarial rate from 4% to 3.75% is a clear example of how we take the necessary measures to ensure the financial stability of the Fund. We are very satisfied with the fact that despite the lowering of the actuarial rate, the Fund closes 2020 with a solid funding ratio of 111%.

The Board of Managing Directors thanks management and staff for a job well done. Vidanova continues to strive for excellence, being in control of all processes and will keep doing its utmost to maintain 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 2020 consolidated financial highlights, which comprise the consolidated balance sheet as per 31 December 2020 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 2020.

In our opinion, the 2020 consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements 2020 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 our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our 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 and our auditor's opinion thereon

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

## 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 2020 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, 30 June 2021  
12045203 120/23326

Ernst & Young Accountants

drs. R.J.W. van Nimwegen RA

## Consolidated Balance Sheet as per December 31, 2020

(After profit appropriation)	2020	2019
<i>(figures in thousands Antillean guilders)</i>		
<i>All risks are for the fund</i>		
<b>Assets</b>		
<b>Non Current assets:</b>		
<b>Investments:</b>		
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
	<b>1,236,614</b>	1,188,130
<b>Investment property</b>	<b>42,133</b>	38,986
<b>Intangible fixed assets</b>	<b>12,997</b>	13,486
<b>Tangible fixed assets</b>	<b>11,614</b>	12,276
<b>Current assets:</b>		
<b>Loans &amp; advances</b>	<b>79,509</b>	79,212
<b>Receivables</b>	<b>45,862</b>	32,938
<b>Liquid assets</b>	<b>45,759</b>	53,664
<b>Due from Banks</b>	<b>134,376</b>	164,653
<b>TOTAL FUND ASSETS</b>	<b>1,608,864</b>	1,583,345
<b>Pension Capital and Liabilities</b>		
<b>Total technical and other designated reserves</b>	<b>103,373</b>	100,892
<b>Minority interest third parties</b>	<b>4,714</b>	5,010
<b>Total provisions and savings capital</b>	<b>998,037</b>	945,329
<b>Long term debt</b>	<b>1,815</b>	2,343
<b>Total non-current liabilities</b>	<b>105,908</b>	153,613
<b>Total Current Liabilities</b>	<b>377,910</b>	366,648
<b>Other short term liabilities and accrued expenses</b>	<b>17,107</b>	9,510
<b>Total Pension Capital and Liabilities</b>	<b>1,608,864</b>	1,583,345

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

	2020	2019
<i>(In thousands Antillean guilders)</i>		
<b>Income</b>		
<b>Total premium income</b>	<b>34,931</b>	98,651
<b>Investment income</b>	54,919	73,248
<b>Bank Operating Income</b>	23,700	25,610
<b>Other income</b>	11,814	5,254
<b>TOTAL INCOME</b>	<b>125,364</b>	202,763
<b>Expenses</b>		
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)
<b>TOTAL EXPENSES</b>	<b>69,244</b>	65,670
<b>Minority interest</b>	<b>(155)</b>	(18)
<b>Net operational income before additions to provisions</b>	<b>55,965</b>	137,075
<b>Total additions to provision and savings capital</b>	<b>(53,197)</b>	(97,984)
<b>Net income after additions to provisions</b>	<b>2,768</b>	39,091
<b>Income Tax Expenses</b>	<b>(1,021)</b>	(1,224)
<b>Net income after additions to provisions and after tax</b>	<b>1,747</b>	37,867