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We Do not Inherit  
the Earth from  
Our Ancestors;  
We Borrow it from  
Our Children.

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Annual Report 2022



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21<sup>st</sup> Century choice:  
look after our planet and it will look after us;  
or don't and face the consequences.

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Phil Harding



# Board of Managing Directors and Management s' Report

## Highlights for the year

In 2022 the Covid-19 pandemic diminished heavily in intensity and many countries, including Curacao started recuperating from the effects of the pandemic showing more optimism in the economy, business, hospitality entities, consumers and investors. Yet, the World was hit by another crises fueled mainly by supply chain problems and the Russian – Ukraine war. Globally, the economy experienced a wide-ranging and sharper than expected slowdown. Furthermore during 2022 we saw inflation rates higher than seen in several decades whereby worldwide prices of most products and services skyrocketed including on our islands that depends on import of products and goods. The war had serious consequences for the supply of oil and gas, especially for Europe, which translated into higher prices for energy and fuel and exacerbate the inflation problem even more. The financial markets suffered heavy losses during the first three quarters of the year and only the last quarter of the year showed signs of recovery.

The Fund also suffered from the worldwide crises that affected the financial markets heavily. There was unfortunately nowhere to hide. The views of our investment managers and of our independent investment advisor was to sit still and weather the storm, mainly considering that as a pension fund we are long term investors and the portfolio is constructed based on this long term perspective. In the fourth quarter, our resilient portfolio, showed again that it was able to bounce back. However, the gap was too big to fill within one quarter.

V-Life has steadily worked on expanding its market penetration and further increase of its brand awareness. The number of request for quotations received, continued to increase in the year under review while the conversion rate – number of policies enter into as a percentage of all quotations issued– has also increased. The positive trend we saw in 2021

where we started to attract larger clients, has also continued in 2022. Another encouraging development during the year is the fact that V-Life is attracting both individual and collective/business clients.

In 2023 the Bank will have a new representative on Sint Maarten and will resume the onsite presentations to the members of the Fund in St. Maarten. The Bank has also started the financing of the construction of town houses that will be offered to the Fund members for purchase. The Bank will continue, and intensify its efforts towards achieving a presence in Bonaire as well as realizing the construction of affordable housing. The Bank's strong capital and profitability are above regulatory minimum requirements.

Despite all challenges our islands are confronted with, especially the high inflation, the local investment market showed an increased number of financing requests. This shows that investors still had confidence in the local economies and were ready to invest for the future. As customary, the Fund continued to analyze each request extensively with the necessary caution and prudence, considering its risk profile and the risk return perspective of each request.

The Fund continued investing in its Information Technology Infrastructure, IT-security and IT governance. Furthermore, it continued with more intensity its investment in enhancing the Business Continuity Management systems. The Fund is aware that on one hand, hackers are becoming more aggressive and that regulators amongst which the Central Bank of Curacao and St. Maarten ("CBCS") are becoming more stringent.

As part of our risk management, we are continuously taking the necessary steps to continue protecting the data of all our clients and to safeguard operations, which is highly IT-dependent.

At the end of the first half of the year, Vidanova inaugurated and moved to its new office building at Schottegatweg Oost 28. It also started and reached a far stage of its second building to house amongst others part of the staff and the meeting rooms. The second building will be in use during the first half of 2023. Together with the inauguration of the new building, the Vidanova group launched its new corporate image in other to reposition the group on the market and to emphasis the fact that as a group we can cater our participants during all phases of their lives.

In conclusion, we can state that the year 2022 was also a very challenging one. However, despite fact that the coverage ratio of the Fund suffered a significant decrease within a very challenging world for most institutional investors, we are glad to see that the Fund maintained a coverage ratio (106%) that is above the minimum required by the supervisor (100%) and also above the minimum the Fund maintains itself (105%). This demonstrates the robust financial position the Fund was able to build in past years. We will nonetheless continue our efforts to work on further strengthening the future financial position of the Fund.

## Acknowledgements

The Board wishes to express its gratitude and appreciation to the management and staff of Vidanova Management and Administrative Services (“ViMAS”) (formerly VPM), being the servicing entity of the Fund, for their efforts and dedication during the year 2022. During this year also, even during the difficult times, the staff continued to demonstrate their commitment to the Fund and the participants and sponsors always doing their utmost to excel. We thank them from the bottom of our hearts for their dedication.

We also express our gratitude to the Board of Supervisory Directors (BSD) for their supervision and support during the year 2022. Finally, we want to thank all our sponsors, our participants and our pensioners for trusting their financial future to us for almost 55 years.

**Curaçao, May 17, 2023**

**On behalf of the Board of Managing Directors:**

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

## Key figures for the last five (5) years

(Amounts in thousands Antillean guilders)	2022	2021	2020	2019	2018
<b><u>Assets and Liabilities</u></b>					
<b>Total assets</b>	<b>1,733,565</b>	1,763,644	1,608,864	1,583,345	1,328,776
<b>Total investments</b>	<b>1,490,970</b>	1,410,646	1,358,256	1,306,328	1,131,436
<b>Provision and reserves</b>	<b>1,126,371</b>	1,160,520	1,101,410	1,046,221	910,439
<b>Total premium income</b>	<b>43,767</b>	36,051	34,931	98,651	43,414
<b>Pension payments</b>	<b>40,608</b>	40,710	37,004	34,197	28,927
<b>Solvency</b>	<b>106%</b>	114%	111%	111%	107%

## 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 almost 55 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 eagerly, but supported by a well-balanced risk assessment in order to guarantee the nominal pensions and to 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 ViMAS.
- Implementing innovations, mainly in the IT but also other areas through our subsidiary ViMAS.

## Vidanova group of company services

The Integrated Financial Services ("IFS") has become very concrete with the acquisition of the Vidanova Bank, and the launching of Vidanova Life. With the rolling out of a new Corporate Identity for the Vidanova group in the first half of 2022, we consider the IFS-strategy as implemented. Management and the Managing Board, together with the management of the subsidiaries of the Fund being Vidanova Bank and Vidanova Life continued working towards realizing a good alignment as far as possible between the Fund and its subsidiaries.

Vidanova Life continued to make its way into the market and we see that the confidence in the Insurance Company is growing. The entity is growing steadily working towards achieving its objectives in an adequate fashion. Vidanova Life continues to distinguish itself in the market as an insurance company to be well considered, backed by its solid parent Vidanova Pension Fund.

Since 2019 Vidanova Bank ("the Bank") is represented on St. Maarten. In 2023 the Bank will have a new representative on Sint Maarten and will resume the onsite presentations to the members of the Fund in St. Maarten. The Bank has also started the financing of the construction of town houses that will be offered to the Fund members for purchase. Vidanova Bank will continue, and intensify its efforts towards achieving a presence in Bonaire as well as realizing the construction of affordable housing.

## Governance of the Fund

The composition of the Board of Supervisory Directors, the Board of Managing Directors, and Management as of December 31, 2022 is as follows.

### Board of Supervisory Directors

As per December 31, 2022, the Board of Supervisors consists of the following persons:

	Name	Function	Representative of
1	Mr. A.C. Haile	Independent Chairman	Independent
2	Mr. S.A. Frankena	Secretary	Participants
3	Mr. I.G.R. Sosa	Member	Participants
4	Mrs. A.F. Martha-Weert	Member	Sponsor
5	Mrs. A.M. Daou	Member	Sponsor
6	Mr. N.C.A. Boekhoudt	Member	Participants
7	Mr. H.X.A. Bernardus	Member	Participants
8	Mr. C.E. Sasso	Member	Sponsor
9	Mr. R. Sprecher	Member	Sponsor
10	Mr. G.S. Williams	Member	Participants
11	Mrs. H.T. Etnel-Hermelijn	Member	Sponsor
12	Mr. M.A. Gumbs	Member	Participants
13	Mr. N. Pahlplatz	Member	Sponsor
14	Mrs. Y.J. Balentien-Nicastia	Member	Sponsor
15	Mr. M.D. Manuela	Member	Participants

### Board of Managing Directors

Mr. H.C. d' Abreu de Paulo	Independent President
Mr. R.F. Hato	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 Management and Administrative Services B.V. ("ViMAS"), formerly Vidanova Pension Management Foundation, a full subsidiary of the Fund. ViMAS is led by its Management team consisting of Executive Director Mrs. C. Alberto and Finance Director Mr. U. Dalnoot.

## Board meetings

During the year 2022, the Board of Supervisory Directors met four (4) times alone, and four (4) times with the Board of Managing Directors. The Board of Managing Directors met with the Management of ViMAS on a bi-weekly basis regarding the Fund's issues and developments, as well as its policies. 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.

Management did follow during the year a variety of courses and seminars. CaPAs, the representative organization of pension funds of the Dutch Caribbean, organized some of these seminars. Furthermore, a number of Supervisory board members attended a Corporate Governance course during the second half of the year. The Supervisory Board members also attended an investment knowledge session during the second half of the year 2022.

## 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".

The Fund concentrates on "getting things right the first time" by avoiding deviations, in contrast to rectifying errors on an ad hoc basis. In this context, the Fund evaluates its own performance annually, by performing a customer satisfaction survey among its customers, to find out how they experience this service.

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

For Vidanova, satisfaction of its several types of customers is very important. Therefore, on a yearly basis the Fund analyzes how its clients view the Fund in order to see where any improvements can be implemented if achievable. 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 has been performed in 2022 with the following results. The affiliated companies have scored the services of the Fund with an 8.0 and the pensioners gave a score of 8.4. These scores show an improvement compared to last year, indicating that the efforts we have made to improve our services has paid off.

Besides the Fund, each year ViMAS conducts a client satisfaction survey. This has also been done in 2022. Our clients have scored the services of ViMAS with an 8.3. We are very satisfied with this score as we do not take our responsibility for good service towards our customers lightly. We will continue our efforts to maintain this good score and improve it where possible.

## Compliance

The Fund and ViMAS, undergo on a yearly basis, a quality management system ISO 9001 audit performed by an external independent ISO auditor from Dekra Certification B.V. Every 3 years an extension audit is also conducted by Dekra. In 2022 the two entities underwent their yearly surveillance ISO audit. We are pleased to mention that again, both entities passed the test without any issues. The Fund and its subsidiary ViMAS hold the ISO 9001:2015 certificate.

Management and the Managing Board continue to strive for excellence being in control of all processes, and will continue doing their 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

The Fund continued its efforts to attract more clients. Therefore, in 2022 we saw an increase in the number of request for quotations received and three (3) new contracts have been signed. However, we see though that the number of new sponsors have a limited number of employees while the affiliated sponsors do not have many new hires. The above means that the number of active participants has not changed much, as will be detailed in the corresponding section. Consequently, the relationship between DB scheme and DC scheme did not show much change. The Fund will though continue working on growth as this is essential for the Fund.

### Development in Provision Pension Obligations DB-plan

The provision for pension obligations DB-plan (including the Provision for Adjustment to Recent Mortality Tables (VAS) amounted to ANG 823,697K as per December 31, 2022, (2021: ANG 807,684K). This is an increase of 1.98% compared to 2021.

As per December 31, 2022, the Fund continued using the mortality tables GBM-GBV 2014-2019. The actuarial rate remained unchanged at 3.75%. The provision pension obligations as per year-end is calculated based on these actuarial matrices.

### Coverage Ratio development

The coverage ratio of the Fund as per December 31, 2022, decreased considerably to 106% (2021: 114%). This decrease is primarily due to the poor performance of the Fund's international investment portfolio. The return of the Fund was therefore, insufficient to cover the necessary additions to the provision pension obligations, resulting in a decrease in the funding ratio of the Fund.

Considering the fact that the year 2022 in general turned out to be a bad year for pension fund's investments worldwide, we are glad that the Fund managed to remain with a Funding ration that still complies with the minimum as prescribed by the CBCS (100%) and the minimum required by the Fund itself (105%).

However, it is good to take a moment to consider a development in the financial position of pension funds in the Netherlands that is much different than ours. This is important in order to get the right perspective when comparing our situation with that of the Netherlands. During July 2022, the Government of the Netherlands and the social partners agreed on a total overhaul of the Dutch pension system. One of the main changes is that the system would be based principally on a Defined Contribution system instead of a Defined Benefit system. One of the effects of this change is that (most of) the risks will be transferred from the pension funds to the participants.

The aforementioned will have as an effect that the various large buffers that the pension funds had to maintain under the old Dutch pension system, can (mostly) be released. In anticipation of the final legislation, pension funds in the Netherlands have already started the necessary adjustments by partly distributing to the participants the buffers that are not needed anymore under a Defined Benefit System in the form of indexation.

Thus, the considerable indexation of the Dutch pension funds has a particular reason which does not apply in our case. However, Management and the Board will continue their efforts to maintain and strengthen the financial position of the Fund.

Please see below a chart, that gives a graphic overview of the development of the pension assets versus the pension liabilities since inception. The graph shows that the Fund has never been in a situation of underfunding, even in the extreme worldwide negative years for international investment markets.

## Development assets vs. pension 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, 2022, the policy coverage ratio equals 106,4%.

Taking into consideration that the policy coverage ratio is below the minimum of 115%, the Board of Managing Directors proposes the Board of Supervisory Directors, in accordance with the indexation policy, not to grant an indexation as per January 1, 2023.

## Asset Management

### Introduction

In order to invest the Fund's assets as prudent and diversified as possible, the Fund invests 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 LCG Associates has been engaged to oversee and control these international managers. The independent investment advisor reports formally at least each quarter to the Fund and has frequent contact with Management on the international investments. The local (Dutch Caribbean) investment portfolio is managed by the Fund itself directly.

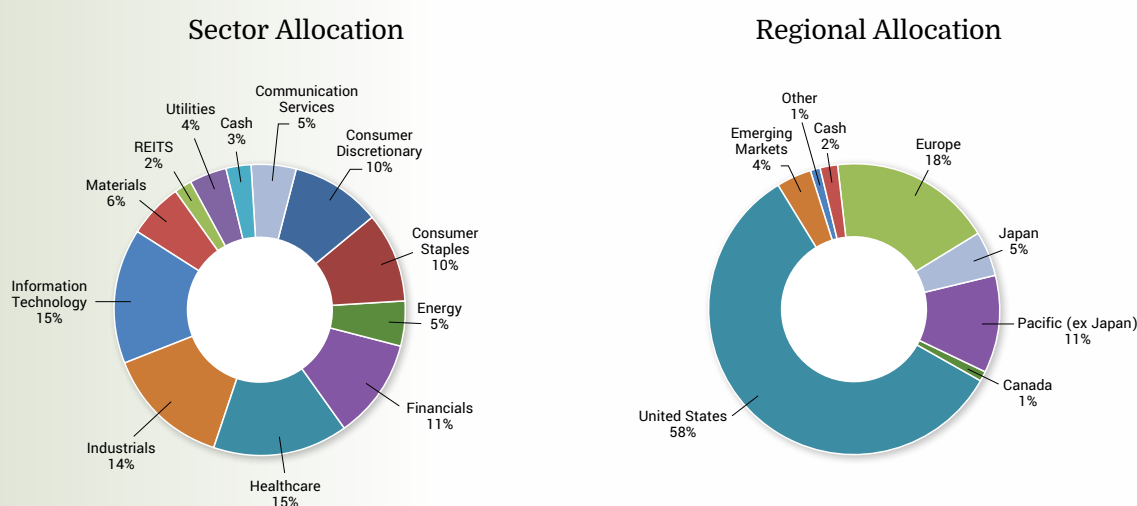
The investments of the Fund are guided by its investment policy statement (IPS) which aims to outline the overall investment philosophy of the Fund. One very important aspect of the overall investment philosophy, besides downside protection, is to identify and limit concentration risk. In its IPS and its detailed procedures, the Fund has set certain thresholds for various types of exposures in order to limit concentration to a certain borrower (group) and/or sector. In doing so the Fund wants to ensure that over a full market cycle it will achieve enough return to enable it to fund its increase in liabilities, cover part of its organizational costs, strengthen the reserves it maintains and make conditional indexation of pensions(rights) possible.

This policy has worked relatively well for years. This does not entail however, that the returns are always as desired. 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<sup>1</sup>

The distribution of the international investment portfolio as per December 31, 2022, is presented in below graphics

### Sector and Regional Allocations - International Portfolio as of December 31, 2022



Note: The Graphics of allocations are based on Independent Investment Advisor's information.

After two exceptional years for investors, global equity and fixed income markets reversed course in 2022 due to the unprecedented efforts by central banks around the world to curb inflation. As views of inflation shifted from transitory to concern, the U.S. Federal Reserve hiked short term rates by 4.25% and shifted to tightening monetary conditions. This resulted in the worst investment environment for a blended portfolio (equities and fixed income) in decades. While there were a number of geopolitical events during the year, the shift to fighting inflation had by far the largest impacts on global markets.

U.S. Equities as measured by the S&P 500 declined -18.1%. Small cap stocks fell in line with large caps, but there was a significant reversal in the outperformance growth stocks had experienced over the last few years. Large Cap Value stocks only declined -7.5% compared to -29.1% for their Large Cap Growth peers. Growth stocks underperformed value largely due to their higher price / earnings multiples being compressed as discount rates rose.

<sup>1</sup> All partial international investment portfolio figures in this section are based on the figures of LCG Associates Inc. our independent investment advisors.

Non-U.S. stocks declined -14.5% while Emerging Market Equities declined -20.1%. The biggest story with regards to non-U.S. investing was the massive fluctuations in the U.S. Dollar. For most of the first three quarters of 2022, the USD appreciated against almost every major currency on the back of Fed policy. This was a major headwind for USD investors, but it reversed course in the 4th quarter as the Fed got closer to the end of its heightening cycle.

Traditional Fixed Income was a tough asset class, as the Bloomberg Aggregate Bond Index declined -13.0% and the Bloomberg Global Aggregate Bond Index declined -16.2%. It has been over four decades since investors saw this degree of pain in the fixed income markets.

On a relative basis, the Vidanova portfolio performed exceptionally well and outperformed by 10.5% (-6.6% vs. -17.1%).

As we started 2022, we felt good about the portfolio's positioning relative to the markets. This was validated by the downside protection it demonstrated. While there is a high level of uncertainty about the market, inflation, and the global economy in 2023, we don't think we will see the global sell off the world experienced in 2022. To start, fixed income yields are significantly higher than last year, making it less likely for negative performance in a rising rate environment. Secondly, the Fed and global central banks aggressively removed liquidity from the system to fight inflation. The Fed is much closer to the end of its rate hike cycle than the beginning. Finally, the exuberance of the equity markets in 2021 has largely been deflated. While 2023 could still be a bumpy ride, valuations have come down dramatically and the equity markets started the year in a more attractive spot. Our independent advisor indicated that they continue to feel good about the positioning of the portfolio and would not recommend significant changes. Both Management and the Managing Board of the Fund support this view.

## Local investment portfolio

### Major local macro-economic developments<sup>2</sup>

In its economic bulletin of December 2022, the President of the Central Bank of Curacao and St. Maarten reported that "according to the latest estimates of the CBCS, real GDP grew by 5.9% in Curaçao, while Sint Maarten recorded an expansion of 5.1%". He further mentions that "by contrast, the estimate for Sint Maarten was adjusted downward by 0.7 percentage point, induced by a slower than initially anticipated recovery of both stayover and cruise tourism, and delays in reconstruction projects". The CBCS also points out that the rising international commodity prices caused increased inflationary pressure across the monetary union. As a consequence, the inflation in Curacao has been estimated to reach 6.0% in 2022. For St. Maarten the CBCS revised its estimate of inflation to 4.6%.

### Development of local investment portfolio

During the year 2022 the Fund received several requests for financing, not only in Curacao but also in the other Dutch Caribbean islands. As accustomed, each request was analyzed carefully taking into consideration the Fund's investment policy and guidelines and considering the risks of each project whether the Fund would have an appetite for the investment.

In St. Maarten, the Fund participated in a consortium loan to finance PJIA. The Fund is aware of the need for affordable housing for our participants in St. Maarten. The Fund, together with its subsidiary Vidanova Bank, will continue working towards realizing this aim, as far as this is possible within the investment guidelines of the Fund. On Bonaire, the Fund increased its share in the financing of FCB. The Fund is also co-financing WEB.

Management and the Managing Board will continue monitoring the performance of the Fund's investment portfolio carefully. We will continue analyzing carefully new financial requests with the necessary caution and prudence, looking not only at the merits of the project itself but also the economic situation of the island and the developments of the pandemic and its consequences as can be seen from the market. We however continue carefully positive that the sun will continue shining.

<sup>2</sup> Information based on CBCS' Economic bulletin December 2022

## Fund Return

The total investment portfolio as per December 31, 2022, decreased to ANG 1,021 million (2021: ANG 1,048 million). This decrease is primarily due to the very poor performance of the international investment portfolio for the year.

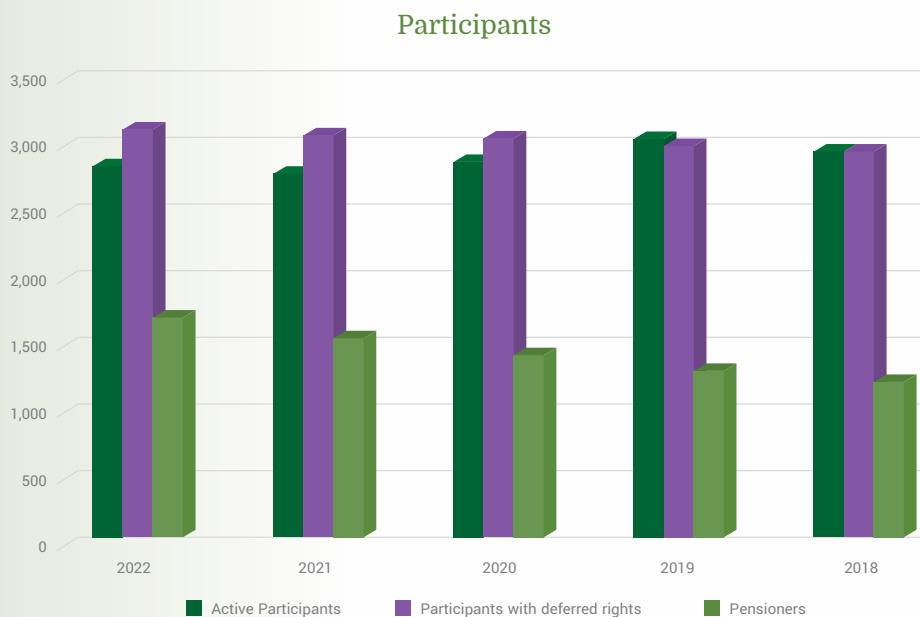
During 2022, the Fund (without line by line consolidation of Vidanova Bank N.V. and Vidanova Life Insurance N.V.) realized an overall return on its total investment portfolio of -2.07% (2021: 6.76%). The investment return was not enough to fund the increase in pension liabilities and cover that part of the operational costs that are not covered by the cost loading in the premiums and the provision for pension payments. This led to a noticeable decrease of the reserves of the Fund and thus of its funding ratio.

## Pension Management

### Development in participants

For the year 2022, we saw a 3% increase in the number of active participants. The number of participants with deferred rights remained pretty stable while the number of pensioners grew by almost 9% compared to last year, which is a continued demonstration of the aging of the Fund.

In the following graphs the development in the participants are shown.



The pension payments versus the premium income shows a negative figure as was the case last year. The trend is that the pension payments are growing faster than the pension premiums. This is because the number of pensioners continue to increase faster than the number of active participants. However, the income of the Fund is not based only on the pension premium but also on investment income. Furthermore, the pension fund is not based on pay as you go system but on the basis of capital funding.

## 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 DC plans, DB plans as well as CDC plans. The 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.

## Development with respect to our sponsors

The number of sponsors affiliated to the Fund increased slightly to 89 compared to 86 last year. The pension plan of the personnel of the Fund is carried out by the Fund itself. Besides this arrangement, the following active companies are affiliated to the Fund as per December 31, 2022.

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

## 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 of the Fund. 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.

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.

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. The philosophy of Management and the Board of Managing Directors is to better be prepared than sorry. Therefore, the policies have already been developed and will be applied, if unfortunately, such a situation presents itself. This prevents the Fund to take hasty decisions in times where careful analysis should be exercised. By having the policy in place in advance, the policy can be applied with a better focus.

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.

During 2022, the Fund continued its risk analysis and risk monitoring process. 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.



“

Be part of the solution,  
not part of the pollution.

Unknown

## Goals for 2023

Our main goal is to safeguard continuity and pension payments. The negative return of the international portfolio for the year 2022 had a huge impact on the coverage ratio of the Fund. However, we are long-term investors and our obligations to our participants extend over a long-term horizon. Therefore, we will continue monitoring our financial position closely.

The Strategic Asset Allocation for the long term has been determined and the IPS has been amended where necessary whereby there were no major changes in the Strategic Asset Allocation. The current market conditions give no reason to change the Strategic Asset Allocation. However, on a tactical level, we may do some small amendments.

In 2023 we will review our long-term strategy for the Vidanova Group and the way the Fund and its subsidiaries within the group will keep working together, moving forward in order to realize the best results.

The Fund will conduct its annual client satisfaction survey, and through its executive bureau ViMAS, will keep doing its utmost to live up to the expectation of its clients.

Vidanova is a multi-employer pension fund, which is open for employers of all sectors of our economy. Therefore, it is important that the Fund achieve /maintain a satisfactory level of visibility on the market. In this regard, we will continue the roll out of our new corporate identity for Vidanova as a group and will do more in marketing to improve the visibility of the Fund.

In 2023, Vidanova will be celebrating its 55 year of existence on April 25. The Fund will celebrate this in an adequate fashion.

Curaçao, May 5, 2023

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

R. Hato  
Treasurer

# Consolidated Financial Highlights



## Consolidated Balance Sheet as per December 31, 2022

(After profit appropriation)

(figures in thousands Antillean Guilders) All risks are for the Fund	2022	2021
<b>Assets</b>		
<b><u>Non Current assets</u></b>		
<b>Investments:</b>		
Bonds and Foreign Fixed Income Instruments	219,891	197,343
Shares	271,869	351,680
Alternative investments	646	727
Loans & advances	699,718	597,466
Time Deposits	155,949	140,685
	<b>1,348,073</b>	<b>1,287,901</b>
<b>Investment property</b>	<b>53,444</b>	<b>42,860</b>
<b>Intangible fixed assets</b>	<b>15,375</b>	<b>12,746</b>
<b>Tangible fixed assets</b>	<b>21,999</b>	<b>16,901</b>
<b><u>Current assets</u></b>		
<b>Loans &amp; advances</b>	<b>89,453</b>	<b>79,885</b>
<b>Receivables</b>	<b>32,066</b>	<b>26,450</b>
<b>Liquid assets</b>	<b>33,120</b>	<b>47,823</b>
<b>Due from Banks</b>	<b>140,035</b>	<b>249,078</b>
<b>Total Fund Assets</b>	<b><u>1,733,565</u></b>	<b><u>1,763,644</u></b>
<b><u>Pension Capital and Liabilities</u></b>		
<b>Total technical and other designated reserves</b>	<b>61,788</b>	<b>133,706</b>
<b>Minority interest third parties</b>	<b>4,284</b>	<b>4,185</b>
<b>Total provisions and savings capital</b>	<b>1,064,583</b>	<b>1,026,814</b>
<b>Long term debt</b>	<b>1,047</b>	<b>1,440</b>
<b>Total non-current liabilities</b>	<b>114,877</b>	<b>102,119</b>
<b>Total Current Liabilities</b>	<b>477,536</b>	<b>482,329</b>
<b>Other short term liabilities and accrued expenses</b>	<b>9,450</b>	<b>13,051</b>
<b>Total Pension Capital and Liabilities</b>	<b><u>1,733,565</u></b>	<b><u>1,763,644</u></b>

Note: The Fund capital is the minimum capital required being a foundation for an amount of ANG 100. All risks are for the account of the Fund.

## Consolidated Profit and Loss Statement for the year ended December 31, 2022



(figures in thousands Antillean Guilders)	2022	2021
<b>Income</b>		
<b>Total premium income</b>	43,767	36,051
<b>Investment income</b>	(29,973)	70,433
<b>Bank operating income</b>	30,311	24,956
<b>Other income</b>	7,070	10,312
<b>Total income</b>	<u>51,175</u>	<u>141,752</u>
<b>Expenses</b>		
Pension payments	40,608	40,710
Organizational expenses	33,846	29,964
Re- insurance (DC coverage)	3,890	3,659
Amortization Intangible Assets	2,246	2,197
Addition to bad debt provision	(827)	1,223
<b>Total Expenses</b>	<u>79,763</u>	<u>77,753</u>
<b>Minority interest</b>	(93)	534
<b>Net operational income before additions to provisions</b>	<b>(28,681)</b>	64,533
<b>Total additions to provision and savings capital</b>	<b>42,602</b>	33,736
<b>Net income (loss) after additions to provisions</b>	<b>(71,283)</b>	30,797
<b>Income Tax Expenses</b>	63	122
<b>Net income after (loss) additions to provisions and after tax</b>	<u><b>(71,220)</b></u>	<u>30,919</u>

## Notes to the consolidated financial statements 2022

### General

Vidanova Pension Fund (“the Fund”) is a Curacao based, open, multi-company pension fund, with the aim to grant or facilitate the extension of pensions and other benefits to participants or former participants, and their eligible relatives. The Fund functions in accordance with its articles of incorporation, the existing policies and other relevant laws and regulations amongst others set forth by the Central Bank of Curacao and St. Maarten (“CBCS”) being the regulator.

These consolidated financial statements have been approved on May 5, 2023.

### Changes in accounting policies

There were no changes in accounting policies for the year. The accounting policies applied are consistent with those applied for the previous year.

### Comparative figures

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.

### Foreign currency

Assets and liabilities denominated in foreign currency are converted in Antillean guilders using the exchange rate applicable per year-end. Profit and loss statement transactions are being recorded based on the exchange rate applicable at the moment of the transaction.

### Consolidation & Participation

In the consolidated financial statements of the Fund, the assets and liabilities of Vidanova Management and Administrative Services B.V. (“ViMAS”), Vidanova Beheer B.V., Kaya Flamboyen Real Estate 1 C.V. (“KFR”), In the Blue 2 C.V., Vidanova Real Estate Development N.V., Vidanova Life N.V. (“V-Life”) and Vidanova Bank N.V. (“the Bank”) 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 a considerable stake (but no control) in the share capital of CMC Real Estate N.V. (“CRE”) and a 50% stake in a joint venture Cape St. Marie Apartments B.V. (“Cape St. Marie”), with no control. Both companies have their statutory seat in Willemstad, Curaçao. Therefore, except for CRE and Cape St. Marie, it has consolidated the figures of all these entities fully in its own financial figures on a line by

line basis, 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”.

## 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 CBCS have been observed.

The accounting policies have been consistently applied to all the years presented.

## 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. Actual results could differ from those estimates.

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 loans. 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.

## Related Parties and related party transactions

The related parties of the Fund are the consolidated entities, and its sponsors. All transactions between the Fund and its consolidated entities have been fully eliminated in the consolidation.

## 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.



“

The greatest threat to our planet is the belief  
that someone else will save it.

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Robert Swan

## General

In 2022 the Curaçao economy experienced another year of rebounding from the Covid crisis. The CBCS estimates that after 4.2% real GDP growth in 2021 the economy grew with 5.9% in 2022. This is a consequence of faster than initially expected growth of stay-over tourism during the second half of 2022. The real GDP expansion in 2022 was the result of an increase in net foreign demand, moderated by a decline in domestic demand.

After the negative impact of the Covid crisis on the revenues and the profits of the banking sector in 2020 and 2021 we have experienced, starting in the last quarter of 2021, a very substantial upsurge of credit disbursements leading to higher interest revenues in 2022. Fee and commissions income also has continued to grow from the rock-bottom level of 2020. On the other hand the strong growth of the bank has necessitated substantial growth of personnel and other operating expenses.

Our strong capital and profitability are above regulatory minimum requirements while the Bank generated ANG 4.6 million in net income which is ANG 2 million more than the net profit in 2021.

## Economic Environment

Due to the continued surge in tourism in 2022 the Curaçao economy has continued to grow. This has happened in an international environment whereby the world economy has grown at a rate of around 3% notwithstanding the effects of inflation, supply chain disruptions, covid crisis in China and last but not least, the Russian invasion in the Ukraine. If we look at the most important trading partners (USA, Netherlands, Region) we see that they have seen growth of 2 to 3 percent in 2022.

The CBCS reported the inflation figure at 6% over 2022 while unemployment remains stubbornly high at 19%. This is very contradictory to the reports by clients and sector associations with respect to shortages of skilled and unskilled labor in the construction and especially the hospitality sector. It seems that the informal sector is thriving.

The budget deficit is a very respectable 1.4% (down from 8.3% in 2021) while the public debit is high at 79% of GDP (down from 87% in 2021). According to the latest estimates, the deficit on the current account of the balance of payments widened from ANG 1.6 Billion in 2021 to ANG 2 Billion in 2022. The higher current account deficit of the monetary union, soaring international commodity prices, both oil and non-oil, is moderated by an increase in foreign exchange earnings from tourism activities across the monetary union.

Since the last quarter of 2021 and over the whole year of 2022 we saw a rising demand for financing of hotels, luxury real estate (especially apartment buildings) and residential projects on Curaçao, Aruba and Bonaire. These projects range from public housing projects to middle class to super deluxe water/beach-front. Internationally interest rates have increased very substantially while real estate prices have plateaued or started to decrease. Notwithstanding these developments demand from the Dutch market remains high while other markets like the USA and Canada also continue to show interest.

## Consolidated Balance Sheet

During 2022, Vidanova Bank realized a very substantial increase in its net loans and advances from ANG 428 million to ANG 498 million. All other assets increased from ANG 22 million to ANG 29 million while cash and due from banks decreased substantially from ANG 259 million to ANG 179 million.

On the liability side of the statement of financial position, the bank realized an increase in funds entrusted from ANG 602 million to ANG 606 million. Loans from a related party decreased from ANG 10 million to 0. Shareholders' equity increased from ANG 89 million to ANG 93 million.

## Consolidated Income Statement

Interest income increased with ANG 3.9 million while interest expenses decreased with ANG 0.8 million. The cumulative effect of these developments resulted in an increase in interest margin from ANG 17.2 million to ANG 21.9 million.

Net commission income increased by ANG 0.2 million. Other operating income decreased with ANG 0.7 million to ANG 4 million. The release of expected credit loss provision amounted to minus ANG 0.1 million, compared to minus ANG 1.5 million in 2021. Total operating income increased from ANG 23 million to ANG 27 million.

Personnel expenses increased from ANG 10.9 million to ANG 11.8 million as we needed to increase staff to handle the increased business. Other operating expenses increased from ANG 10.2 million to ANG 10.9 million.

The cumulative effect of these developments resulted in an increase in operating expenses from ANG 19.6 million to ANG 22.5 million.

The resulting operating profit is ANG 4.6 million (2021: ANG 3.1 million) and the net profit increased from ANG 2.6 million to ANG 4.6 million.

## Outlook

There is reason to be optimistic about the Curaçao economy over the coming years. The large number of sizeable construction projects that are either already underway or in a very advanced stage (hotels, apartment buildings, housing projects) generate a large number of jobs in the construction sector and will continue to generate more going forward. After completion many of these projects will require a large number of hospitality workers in order to operate the facilities.

Growth is projected to soften in 2023 as global conditions are expected to remain challenging. Consistent with a lower projected real GDP expansion in the main trading partners, the 2023 growth forecast of Curaçao is projected at 2.7%.

The outlook with respect to a restart of the refinery is starting to look very dim while possible other energy related projects like oil transshipment, the construction of an LPG plant, etc. all are looking uncertain.

Due to the very substantial increase in international interest rates we are experiencing a tightening of liquidity in the local market which is leading to higher deposit rates and (one would expect) lending rates.

Despite the higher interest rates we see opportunities for growth based on the booming real estate market on Curaçao as well as further expansion on Aruba, Bonaire and Sint Maarten. We believe firmly that our commitment to providing high quality service and personal attention in commercial banking, mortgages, international transactions, e-commerce and bond/loan agency will enable Vidanova Bank N.V. to continue to prosper.

Building and maintaining a correspondent relationship with US banks remains a challenge. Although we are seeing some smaller banks in the US are more willing to open USD bank accounts for the banks in the Caribbean region, the onboarding process is still very lengthy and expensive. The compliance and due

diligence requirements of these banks require us to also update our compliance policies in order to comply with their requirements.

An extended effort is taking place to make Vidanova Bank N.V. a better, improved and more efficient business with our focus on further developing our core businesses. Digital technologies and services will continue to be one of our focal points going forward.

Vidanova Bank has started to reduce our environmental footprint over 10 years ago installing solar panels, inverter air conditioning and led lighting. Now we are taking the next step by greatly improving the capacity of our solar panels and purchasing our first electric vehicle. We are also granting low interest financing for mortgage loans for houses in the eco-friendly Hofi Vidanova. We continue to support good causes in poverty reduction, healthcare, sports, culture and others as we have been for over 40 years.

We are convinced that our strategy will further benefit our clients, staff and our shareholder. We once more want to thank our clients, staff and shareholder for making it possible to continue to be more than just a bank.

Curacao, June 29, 2023

**Managing Board of Directors of Vidanova Bank N.V.:**

**L. Rigaud**

**A. Hammoud**

# Consolidated Financial Highlights



## Consolidated Balance Sheet as of December 31, 2022

(After proposed appropriation of results)

(figures in thousands Antillean Guilders)

	2022	2021
<b>Assets</b>		
Cash and due from banks	179,020	259,187
Loans and advances to customers	498,212	427,973
Investment securities	3,507	1,007
Bank premises and equipment	7,366	6,833
Goodwill and other intangible assets	13,125	9,832
Deferred tax assets	782	663
Other assets	4,640	3,982
<b>Total assets</b>	<b><u>706,652</u></b>	<b><u>709,477</u></b>
<b>Liabilities and stockholder's equity</b>		
<b>Liabilities</b>		
Customer deposits	605,557	601,750
Due to other banks	128	110
Deferred tax liabilities	1,850	1,530
Other liabilities	5,735	7,285
Loan from related party	0	10,000
	<u>613,270</u>	<u>620,675</u>
<b>Stockholders' equity</b>		
Issued capital	5,000	5,000
Share premium	19,935	19,935
Other reserve	14,981	12,877
Retained earnings	53,466	50,990
	<u>93,382</u>	<u>88,802</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>706,652</u></b>	<b><u>709,477</u></b>

## Consolidated Profit and Loss Statement for the year ended December 31, 2022



(figures in thousands Antillean Guilders)	2022	2021
Interest income	27,451	23,501
Interest expense	5,537	6,311
<b>Net interest income</b>	<b>21,914</b>	<b>17,190</b>
Fee and commission income	3,351	4,119
Fee and commission expenses	2,188	3,177
<b>Net fee and commission income</b>	<b>1,163</b>	<b>942</b>
Income from participating interest	23	142
Other operating income	3,943	4,511
	3,966	4,653
<b>Operating income</b>	<b>27,043</b>	<b>22,785</b>
Salaries and other employee expenses	11,780	10,916
Occupancy expenses	3,763	3,824
Net impairment losses on loans and advances	-135	-1,523
Other operating expenses	7,118	6,410
<b>Operating expenses</b>	<b>22,526</b>	<b>19,627</b>
<b>Net result from operations</b>	<b>4,517</b>	<b>3,158</b>
<b>Net result before tax</b>	<b>4,517</b>	<b>3,158</b>
Profit tax benefit/(expense)	(63)	570
<b>Net result after tax</b>	<b><u>4,580</u></b>	<b><u>2,588</u></b>

# Explanatory notes to the Consolidated Financial Highlights for the year ended December 31, 2022

## A. ACCOUNTING POLICIES

### • General

The principal accounting policies adopted in the preparation of the consolidated financial highlights of Vidanova Bank N.V. ('the Bank') are set out below. These explanatory notes are an extract of the detailed notes included in the consolidated financial statements and are consistent in all material respects with those from which they have been derived.

### • Basis of preparation

The Consolidated Financial Highlights have been prepared in accordance with the "Provisions for the Disclosures of Consolidated Financial Highlights of Domestic Banking Institutions" as issued by the Central Bank of Curaçao & Sint Maarten (CBCS). Our consolidated financial statements, from which these Consolidated Financial Highlights have been derived, are prepared in accordance with International Financial Reporting Standards ("IFRS")' and book 2 of the Curacao Civil Code and are available at the Bank. The accounting policies have been applied consistently during the year. The consolidated financial statements are presented in thousands of Netherlands Antillean Guilders (ANG) and all values are rounded to the nearest ANG thousands, except when otherwise indicated.

The statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for good and services.

### • Basis of consolidation

Subsidiaries are those institutions in which the Bank, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities. Vidanova Asset Holding B.V. was founded in 2017 and is a wholly-owned subsidiary of the Bank. Vidanova Asset Holding 2 B.V. was founded in 2022 and is a wholly-owned subsidiary of the Bank. The consolidated financial statements of the Bank for the year ended December 31, 2022 comprise of the Bank and its subsidiaries.

### • Classification and subsequent measurement of financial assets

Classification and subsequent measurement of the financial assets depend on:

- i. The Bank's business model for managing the asset;
- ii. The cash flow characteristics of the asset.

Based on these factors the Bank classifies its debt instruments into one of the following two measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are designated at fair value through profit and loss (FVPL), are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance as further described below. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

- Fair value through profit and loss (“FVPL”): Assets that do not meet the criteria for amortized cost are measured at fair value through profit and loss. These assets are unquoted equity securities that are held for trading purposes. A gain or loss on such an equity investment is subsequently measured at fair value through profit of loss. Interest income from these financial assets is included in ‘interest income’ using the effective interest rate method.

### Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

That is, whether the Bank’s objective is solely to collect the contractual cash flows from the assets or if the contractual terms give rise to collect cash flows that are solely payments of principal and interest on the principal amount outstanding. If this condition is not applicable (unlisted equity securities), then the financial assets are classified as part of ‘other’ business model and measured at FVPL.

### SPPI

The Company’s business model for the loans and advances is to hold and collect the contractual cash flows. ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Company considered whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement and concluded that the portfolio of loans and advances passed the SPPI test.

### Derecognition of financial assets

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. If the terms are substantially different, the Company derecognizes a ‘new’ asset and recalculates a new effective interest rate for the asset.

### Expected credit loss principles

Based on IFRS 9 the financial assets and loan commitments are grouped into Stage 1, Stage 2 and Stage 3 as described below.

- Stage 1: When financial assets (loans) are first recognized, the Company recognizes an allowance based on twelve months’ ECLs. Stage 1 financial assets also include facilities where the credit risk has improved, and the financial asset has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECLs. Stage 2 financial assets also include facilities, where the credit risk has improved, and the financial asset has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit-impaired and the Company records an allowance for these Lifetime ECLs.

### Calculation of Expected credit losses

The key elements of the ECL calculation are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal

and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is expressed as a percentage of the EAD.

In its ECL model, the Bank relies on a broad range of forward looking information as economic inputs such as GDP growth and unemployment rates. The inputs and models used for calculating ECLs may not always capture all the characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.



“

Environment is no one's property to destroy;  
it's everyone's responsibility to protect.

Unknown

## B. SPECIFICATION OF ACCOUNTS

The specification of accounts is an extract of the most important accounts derived from the consolidated financial statements of the Bank.

(figures in thousands Antillean Guilders)	2022	2021
<b>Assets</b>		
<b>Investment securities</b>		
Equity instruments at fair value through OCI	3,507	1,007
	<u>3,507</u>	<u>1,007</u>
<b>Loans and advances to customers</b>		
Retail customers	161,566	196,532
Corporate customers	217,686	132,768
Other	122,380	104,643
<b>Total loans and advances</b>	<u>501,632</u>	<u>433,943</u>
Accrued interest receivable on loans and advances	3,339	1,783
Less allowance for loan losses	(6,759)	(7,753)
<b>Net loans and advances</b>	<u>498,212</u>	<u>427,973</u>
<b>Liabilities</b>		
<b>Customer deposits</b>		
Retail customers	138,879	121,167
Corporate customers	132,065	137,162
Other	334,613	343,421
<b>Total customer deposits</b>	<u>605,557</u>	<u>601,750</u>

“

It's not a question whether we can be sustainable, but whether we choose to be.

---

Gary Lawrence



# Report of the Managing Board

## Introduction

In 2022 the Covid-19 pandemic diminished heavily in intensity and many countries, including Curacao started recuperating from the effects of the pandemic showing more optimism in the economy, business, hospitality entities, consumers and investors. Yet, the World was hit by another crises fueled mainly by supply chain problems and the Russian – Ukraine war. Globally, we saw inflation rates higher than seen in several decades, including on our islands that depends on import of goods and services.

Despite these challenging circumstances, Vidanova Life has expanded its market penetration and its brand awareness as evidenced by an increase in the number of request for quotations, the conversion rate and the number of both individual and collective/business (larger) clients.

## The economic situation of the islands

The Central Bank of Curacao and St. Maarten (“CBCS”) reported that “according to the latest estimates of the CBCS, real GDP grew by 5.9% in Curaçao, while Sint Maarten recorded an expansion of 5.1%”. The CBCS also points out that the rising international commodity prices caused increased inflationary pressure across the monetary union. As a consequence, the inflation in Curacao has been estimated to reach 6.0% in 2022. For St. Maarten the CBCS revised its estimate of inflation to 4.6%.

## Major developments within Vidanova Life

During 2022, the following aspects of the operations received special attention:

- Work continued on the implementation of a full fledged insurance policy administration system.
- We have developed two new products, being SparMAS and Combi-product being Life Insurance/ Disability Insurance.
- The development of one other product, being a funeral insurance, has started and has been completed in 2023.
- We have reviewed the cooperation with our medical advisers and made further agreements where necessary
- Reviewing our conditions and continuously testing our products against the market to see where we can improve in order to achieve a better competitive position without losing sight of the fact that we must always remain prudent.
- The terms and conditions for insured parties and beneficiaries have been revised.
- We have intensified our marketing campaign.
- Together with our parent company, Vidanova Pension Fund, we inaugurated and moved to our new building at the Schottegatweg Oost 28
- Together with the inauguration of the new building, the Vidanova group launched a new corporate image, in order to reposition the group on the market and to emphasis the fact that as a group we can cater our participants during all phases of their lives.

## Vidanova Life's performance – financial highlights

(figures in thousands Antillean Guilders)

During 2022 a net profit before Corporate taxes of ANG 1,425 (2021: ANG 321) was recorded.

As of December 31, 2022 the total assets equaled ANG 79,701 (2021: ANG 75,843), including amongst others ANG 5,203 (2021: ANG 5,415) in Current Assets and ANG 45,400 (2021: ANG 45,400) in Deposits with Financial Institutions. The total liabilities equaled ANG 73,842 (2021: ANG 71,095) and the total capital was ANG 5,859 (2021: ANG 4,747).

## Our commitment to our clients

Vidanova Life is committed to help its policyholders achieve financial well-being during all phases of their life, or thereafter.

When people retire they want to enjoy a quieter and financial comfortable lifestyle. Unfortunately, due to lacking regulation for mandatory pension schemes for employees and entrepreneurs, many in Curacao and Sint Maarten do or will not have sufficient financial funds to enjoy their pension or to maintain their current lifestyle. At Vidanova Life we believe that life even after ceasing to work should be comfortable and good for everyone: "Bida ta bon!" Sigur' é!"

The Board wishes to express its gratitude and appreciation to the management and staff of Vidanova Management and Administrative Services ("ViMAS") for their efforts and dedication during the year 2022. We also express our gratitude to the Board of Supervisory Directors for their supervision and support during the year 2022. Finally, we want to thank all our clients for choosing Vidanova Life as their Insurer.

**Curaçao, June 29, 2023**

**The Board of Managing Directors:**

**Charlene Alberto**  
Managing Director

**Elma Velgersdijk**  
Managing Director

# Consolidated Financial Highlights

## Balance Sheet as per December 31, 2022



(figures in thousands Antillean Guilders)	2022	2021
<b>ASSETS</b>		
<b>Non-Admissable Assets</b>	2,316	365
<b>Investments</b>		
Other Loans	13,452	14,292
Deposits with Financial Institutions	45,400	45,400
<b>Current Assets</b>	18,533	15,786
<b>TOTAL</b>	<b><u>79,701</u></b>	<b><u>75,843</u></b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Capital and Surplus</b>		
Capital	1,020	1,020
Surplus	4,839	3,727
<b>Provision for Insurance Obligations</b>		
Net Technical Provision for Life Insurances	61,694	56,554
<b>Current liabilities</b>	5,045	5,126
<b>Other Liabilities</b>	7,103	9,416
<b>TOTAL</b>	<b><u>79,701</u></b>	<b><u>75,843</u></b>

## Profit and Loss Statement for the year ended December 31, 2022

(figures in thousands Antillean Guilders)	2022	2021
Premium and Other Policy Considerations	9,131	2,958
Net Investment Income and Realized Capital Gains and Losses	2,696	2,637
Net Other Operational Income	2,803	6,368
Net Benefits Incurred	4,011	10,457
Change in Provisions for Insurance Obligations	5,140	(9,202)
Net Operational Expenditures Incurred	1,223	971
Other Changes Affecting Net Results	2,831	9,416
<b>Net Operational Results Before Corporate Taxes and Net Results From Separate Accounts</b>	<b>1,425</b>	<b>321</b>
Corporate Taxes Incurred	313	39
<b>Net Operational Results After Corporate Taxes and Before Net results From Separate Accounts</b>	<b><u>1,112</u></b>	<b><u>282</u></b>

## Analysis of unassigned earnings

(figures in thousands Antillean Guilders)	2022	2021
<b>Unassignd Earnings</b> (Beginning of Year)	<b>3,362</b>	3,029
Net Profit or Loss	1,112	282
Other changes in Unassigned Earnings	43	51
<b>Unassignd Earnings</b> (End of Year)	<b><u>4,517</u></b>	<u>3,362</u>

# Explanatory notes to the Financial Highlights for the year ended December 31, 2022



## General

The Company has been incorporated in Curacao on May 12, 2017. The company was however dormant and started operations as of June 1, 2018. The Company is a 100% subsidiary of the Vidanova Pension Fund Foundation.

## Capital

The Company complies with the Central Bank ("CBCS") regulation, which stipulates that the solvency requirement equals 4% of the previous year's gross provision for insurance obligations with an absolute minimum of ANG. 400,000.

## Basis of preparation

The financial highlights of Vidanova Life Insurance N.V. have been derived off the Life Annual Statements. The Life Annual Statements have been prepared in accordance with accounting policies defined in the Life Insurance Annual Statement Composition and Valuation Guidelines (2015). Items included in the financial highlights of the Company are stated in Antillean Guilders (ANG), which is the Company's functional and presentation currency.

## Basis of estimates

The preparation of the Life Annual Statements and financial highlights requires the Company to make estimates and assumptions that affect items reported in the balance sheets and profit and loss statements. Actual results ultimately may differ possibly significantly, from those estimates.

## Investments

- Bonds and Other Fixed Income Securities are recognized at amortized cost;
- Other loans and Deposits with Financial Institutions are recognized initially at fair value of the amount owed, which normally consists of its face value, net of any provisions considered necessary. These receivables are subsequently measured at amortized cost.

## Actuarial principles and assumptions

The Provision Insurance Obligations is determined on the basis of the so-called "lasten minus baten" method based on obligations from the policies in the future minus the incoming premiums from the policies in the future. The calculation is performed taking into account the discount rate between 3% and 3.25% (depending on the tariff of the policy) and making use of the mortality tables for man and woman being the GBM/V 2012. The reinsured part is disclosed separately. All re-insurance finance expenses are fully recognized in the profit & Loss.

## Capital and or Surplus Commitments

The Company has no outstanding commitment or contingencies as per year end 2022.

## Subsequent events

No subsequent events have been identified in the year 2023.



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## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL HIGHLIGHTS

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

### Opinion

The (consolidated) financial highlights of Vidanova Pension Fund Foundation, Vidanova Bank N.V. and Vidanova Life Insurance N.V. for the year ended December 31, 2022 are derived from the audited (consolidated) financial statements of Vidanova Pension Fund Foundation and Vidanova Bank N.V. and the audited Life Insurance Annual Statements of Vidanova Life Insurance N.V.

In our opinion, the (consolidated) financial highlights are consistent, in all material respects, with the audited (consolidated) financial statements 2022 of Vidanova Pension Fund Foundation and Vidanova Bank N.V. and the audited Life Insurance Annual Statements of Vidanova Life Insurance N.V.

The (consolidated) financial highlights comprise:

- ▶ The (consolidated) balance sheet as per December 31, 2022 of Vidanova Pension Fund Foundation, Vidanova Bank N.V. and Vidanova Life Insurance N.V.
- ▶ The (consolidated) profit and loss statement for the year ended December 31, 2022 of Vidanova Pension Fund Foundation, Vidanova Bank N.V. and Vidanova Life Insurance N.V.
- ▶ The notes comprising a summary of the accounting policies and other explanatory information of Vidanova Pension Fund Foundation, Vidanova Bank N.V. and Vidanova Life Insurance N.V.

### (Consolidated) Financial highlights

The (consolidated) financial highlights do not contain all the disclosures required by the Accounting Principles Generally Accepted in the Netherlands or International Financial Reporting Standards (IFRS) or the Life Insurance Annual Statement Composition and Valuation guidelines (2015) of the Central Bank of Curacao and Sint Maarten. Reading the (consolidated) financial highlights and our report thereon, therefore, is not a substitute for reading the audited (consolidated) financial statements or the audited Life Insurance Annual Statements and our auditor's reports thereon. The (consolidated) financial highlights 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 2022 of Vidanova Pension Fund Foundation in our auditor's report dated May 18, 2023. We expressed an unmodified audit opinion on the consolidated financial statements 2022 of Vidanova Bank N.V. in our auditor's report dated April 17, 2023. We expressed an unmodified audit opinion on the audited 2022 Life Insurance Annual Statements of Vidanova Life Insurance N.V. in our auditor's report dated 10 May 2023.



#### **Other information**

Other information consists of the Board of Managing Directors and Managements' Report of the respective entities. Management of the entities is responsible for the 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 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 highlights 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 2022 consolidated financial statements of Vidanova Pension Fund Foundation and Vidanova Bank N.V. and the audited and the Life Insurance Annual Statements of Vidanova Life Insurance N.V.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the (consolidated) financial highlights are consistent, in all material respects, with the audited consolidated financial statements of Vidanova Pension Fund Foundation and Vidanova Bank N.V. and the audited Life Insurance Annual Statements of Vidanova Life Insurance N.V. 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, 15 November 2023  
12045203 120/51906

Ernst & Young Accountants

signed by drs. R.J.W. van Nimwegen RA



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