Pension Fund
Tourism Sector Aruba Foundation
Annual Report 2018

Initial for identification purposes:
IBDO

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Report by the Executive Board (Board)

1 General

Legal structure

General

Pension Fund Tourism Sector Aruba Foundation ("PFTSA", "the Fund"), with registered offices in Oranjestad, ARUBA, was established on March 27, 1992. The foundation is registered at the Chamber of Commerce under number S171.

The Fund is responsible for implementing a pension plan for employees of member companies and is responsible for proper implementation of the pension plan for vested participants and retirees in accordance with existing laws and regulations and works on the basis of an ABTN report. PFTSA registers and archives all signed contracts and / or other commitments with (former) member companies.

The Fund currently manages two plans, namely a Defined Benefit plan ("DB") and a Defined Contribution plan ("DC"). As of January 1, 2004, the Fund ceased allowing participation into the DB-Plan and the participants are allowed to continue only with the DC-plan. The pensions built up in the DB-Plan until December 31, 2003 have not been transferred to the new pension plan (DC-plan).

PFTSA has an Executive Board that is composed out of employer's and participant's representatives who elect the independent chairman of the Executive Board. The Executive Board is assisted upon request by an external actuary and an external auditor. The Fund has 10 permanent employees, including the Executive Director, who together with the Executive Board are responsible for all the work (pension administration, payout, investment portfolio, communication, etc.) at the Fund.

Articles of Association

The current Articles of Foundation have been revised and notarized as of May 18, 2018.

Affiliated companies

During 2018, 7 (2017: 6) new companies have joined and 3 (2017: 1) companies became vested. At the end of 2018 a total of 163 (2017: 156) companies were affiliated with the Fund of which 123 (2017: 119) are active and 40 (2017: 37) are vested.

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Composition of the Executive Board and committees

Executive Board

The Executive Board ("Board") consists since July 1, 2012 of 2 employer representatives and 2 participant's representatives. The composition of the Executive Board is as stated here below.

Independent Chairman of the Executive Board:

- Mr. G.K. Farro

Appointed by the employers:

- Mr. A. Kolman
- Mr. E. de Cuba

Appointed by the participants:

- Mr. C.E. Heyliger
- Mrs. M.R. Arends-Croes

At the end of February, Mr. A. Kolman's reached his 3rd term as a Board member and stepped down in accordance with the provision of Article 7.3 of the Articles of Foundation and was subsequently removed from the Chamber of Commerce registry as per April 8, 2019.

The Board members on behalf of the employers are elected for a period of four years by nomination of member employers. Participants choose their Board members for a period of four years from among them by means of a board election.

Executive Board and daily management

The Executive Board has appointed an Executive Director for the daily management of the Fund. The Executive Director is Mrs. Sanaa Baroud. The responsibilities of the Executive Board are in accordance with the article of association and regulations of the Fund as well as set out in the "Actuariële Bedrijfstechnische Nota" ("ABTN").

2 Financial position

Financial position and funding development

As of January 1, 2018, the Fund actuarial rate is 4% (2017: 4%), the mortality tables in use are GBM /GBV 2000-2005 (2017: GBM /GBV 2000-2005) and the applied age correction factor -1 in 2018 (2017: -1).

The Fund kept the operational costs in 2018 within an acceptable range in order to further stabilize the financial position of the Fund.

The investment portfolio consisted in 2018 mainly of government bonds, secure loan facilities and shares resulting in a steady flow of interest income.

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3 Risk policy and management

Risk policy

The Executive Board has expressed its policy in the Actuariële Bedrijfstechnische Nota ("ABTN"). The ABTN is revised on an annual basis. Below is an explanation of the principal risks identified by the Executive Board and the Board's policy for mitigating those risks:

- Investment risks;
- Insurance risks;
- Operational risks.

The first two categories are financial in nature and the last one is non-financial.

Investment risks

The main investment risks are the price and credit risk.

Price risk

The price risk consists of the interest rate risk, the currency risk and the market risk. The investment objectives determine the strategy that the Fund follows regarding the investment risk. In daily practice, the Board operates within the existing policy frameworks and investment guidelines. The Board mitigates the price risk by investing in low risk investments.

- Interest rate risk

Interest rate risk is the risk that the value of the portfolio of fixed income securities and pension changes due to unfavorable changes in market interest rates. The interest rate risk is mitigated as most of the investments are in fixed interest securities, such as time deposits issued by banks, government bonds and secured loan facilities.

- Currency risk

When making investments denominated in foreign currencies the Fund inevitably runs the risk associated with fluctuation in the development of the exchange rates. When investing in fixed income, real estate and others, the Fund will only invest in investments denominated in "risk free" currencies. Currently, the Fund's portfolio is denominated in local currency, in United States Dollars and the Netherlands Antilles florin.

- Market risk

Market risk is the result of the exposure to changes in market prices of tradable financial instruments in the investment portfolio. Market risk is limited by an optimal combination of the investment portfolio based on the ALM study and by spreading the investments across various markets, instruments and counterparties.

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Credit risk

Credit risk is the risk of financial loss to the Fund because of (potential) bankruptcy or insolvency of counterparties in which the Fund has investments. This can include parties which are considered bond issuers, banks where deposits are placed and others. In order to reduce this risk, the Fund sets requirements for the creditworthiness of counterparties, ensuring adequate coverage or additional collateral required. The spread is partly reflected in the different sectors in which it invests.

Insurance risk

The Fund applies the mortality tables GBM /GBV 2000-2005 (2017: GBM /GBV 2000-2005). These tables, according to the actuary of the Fund, provide a prudent insight into the life expectancy of (former) participants, pension earners and / or survivors. By applying these tables, the longevity risk for the Fund is greatly reduced.

Other relevant insurance risks are death.

Operational risk

The operational risk is the risk that occurs in the implementation of pension and investment activities, resulting from inadequate or failed internal processes, human behavior and systems, or from external events. This risk is mitigated by the current governance structure of the Fund (which results in) as a result of which the Executive Board and the Executive Director are (being) directly involved in the aforementioned process. The Fund signed in 2014 a Directors and Officers liability insurance policy in connection therewith. The policy was updated in 2018.

For a detailed explanation of the risks and the control policies, see Note 18 Risk management.

4 Information on state of affairs

The Fund has shown significant growth in 2018. The number of policies increased from 9,408 to 10,378 during 2018, of which 5,073 (2017: 4,928) are active policies. The change in the active policies is specified in the following table.

Movement in active policies	2018
Active policies as of January 1	**4,928**
New policies from new participants from existing and new affiliated companies	772
Less: Allocation to the following categories: vested policies, new annuitant's policies and policies related to one-time payments and transfers	(627)
Active policies as of December 31	**5,073**

The project for granting mortgages to the participants, which started in 2008, has further expanded in 2018. At the end of 2018 there were 63 (2017: 55) mortgages issued, with a total value of AWG 8,350,751 of which AWG 307,042 is still pending to be disbursed for construction mortgages (2017: AWG 7,790,700). Almost all mortgages are being paid in time and according to the repayment schedule agreed upon with the participant. In the case of a few mortgages the repayments are not in accordance with the repayment schedule. These arrears were settled in the financial year 2019 and therefore no provision is deemed necessary.

5 Investment developments

General economic developments have a direct impact on the investments of the Fund. As a result, thereof, the following developments have had an impact on the investments of the Fund.

Developments in the investments

The Fund's investment approach is embedded in maximizing the return on investment while minimizing the possible negative impact on the continuity of the Fund. In 2013 the Fund started with a real estate project entailing the development of 11 houses. In 2018 two plots of this property (2017: 1) were sold. At the end of 2018, only 2 lots/ houses remain to be sold.

The following table illustrates the allocation into different categories of the total investment of the Fund:

	2018	2017
	%	%
Bonds	32	34
Loans	28	28
Time deposits	5	9
Mortgages	8	8
Shares	12	10
Fixed income investments	**85**	**89**
Investment property	15	11
Balance as of 31 December	**100**	**100**

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6 Actuarial developments

Actuarial analysis

In calculating the technical pension provision for risk of the Fund, the Fund makes assumptions for interest, mortality and costs. During the year these parameters may deviate from the assumptions previously used. Consequently, these changes may result in the realization of a gain or loss. The total result on the income and expenses consists of the sum of the result on each of the individual assumptions. An actuarial analysis of the total result is displayed in the following table.

in AWG	2018	2018	2017	2017
Result on the contributions and others				
Contribution by the employers and participants	12,513,051		11,192,086	
Calculated premium	12,513,682		(11,191,925)	
		(631)		161
Result on investments				
Result on investments	5,038,388		5,184,992	
Yield on pension for the risk of the fund including DC pensioners	(678,441)		(631,370)	
Yield on pension for the risk of the participants	(3,129,254)		(2,651,861)	
Impairment mortgages	-)		(5,226)	
		1,230,693		1,896,535
Result on mortality and others				
Result on disability	266,222		133,424	
Result on mortality	112,470		50,218	
		378,692		183,642
Result on distribution cost				
Pension administrative expenses	(1,739,175)		(1,348,226)	
Cost component included in premium	1,283,482		1,170,533	
Release calculated cost	10,595		8,708	
		(445,098)		(168,985)
Result on value transfers and refunds				
Release due to value transfers and refunds	739,074		690,158	
Refunds and value transfers	(727,284)		(614,197)	
		11,790		75,961
Other results				
Result on others	55,032		(16,615)	
		55,032		(16,615)
Net result according to financial statements		**1,230,479**		**1,970,699**

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Actuarial developments

In 2018 the Fund applied the mortality tables GBM /GBV 2000-2005 (2017: GBM /GBV 2000-2005). For further details on the actuarial developments we refer to the actuarial report 2018 as issued by Keesen Actuarissen.

7 Pension Fund Governance of the Central Bank of Aruba ("CBA")

General

According to the CBA's Sound Governance Practices, members of the Executive Board of a financial institution falling under its supervision should follow the practices as outlined below:

- Ensure competent management on an ongoing basis;
- Ensure appropriate plans and policies for the institution;
- Monitor operations to ensure compliance and adequate control;
- Oversee business performance.

The Board's responsibilities

To ensure competent management on an ongoing basis

The Fund has an experienced Executive Director who is being assisted by a team of qualified staff. The Fund keeps investing in its staff to maintain quality while integrity and sound technical skills are a must.

To ensure appropriate plans and policies for PFTSA

- Planning

The rapid changes in the financial industry call for clear strategies and swift decision making. Long-term strategic planning at PFTSA is carried out in close contact between the Executive Director and the Executive Board and is documented in the ALM study (dated July 2018).

- Investment Policy and an AO/IC-Manual

The investment activities are laid down in the Investment Policy Statement (IPS) dated August 22, 2018. All major investment decisions are initiated by following written policies and procedures. The IPS is communicated through all levels within the Fund. The Administrative and Internal Control Procedures are contained in an AO/IC manual. The AO/IC manual and the IPS were updated in 2018.

- To monitor operations to ensure compliance and adequate control

The Executive Board meets monthly to ensure that management exercises adequate internal controls on the institution's operations. Upon the Board's request all reports are generated.

The Executive Board receives the following information quarterly to evaluate the Fund's performance:

- analysis of actual versus budgeted income and costs, including key ratios and trends;
- information on accounting, policy and compliance matters (relevant laws and regulations);
- information of investments opportunities;
- information on important external developments;
- internal and external audit reports (management letter, management's comments); and
- on-site examination letters of CBA and other relevant correspondence.

Developments in 2018

Details of the pension portfolio

As per year-end, the Fund has a total of 10,378 (2017: 9,517) policies; of which the composition is specified in the following table.

	2018
Active policies	5,073
Vested policies	4,858
Annuitants policies	281
Partners pension policies	16
Orphan policy	2
Apprehended policies	8
	10,238
Subtotal (policies included in pension provision for the risk of the participants)	**10,238**
One-time payments, transfers	140
Total policies	**10,378**

The breakdown of the annuitants into the different categories is as follows:

	2018	2017
Old Age Pension	282	159
Partner Pension	16	12
Orphan Pension	2	2
Total annuitants	**300**	**173**

Interest rate, technical provision of the risk of the pension Fund and Fund's equity

For the year 2018 the actuarial interest percentage was 4% (2017: 4%).

The Fund also decided to grant for the fiscal year 2018 an interest of 4% (2017: 4%) to the active participants in the defined contribution plan. For the vested participants the Fund granted an interest of 4% with a deduction of 0.5% for cost loading.

The annual interest, however, will be evaluated each year and depends among others on the performance of the Fund's investment.

Remuneration of the Executive Board

All Board members receive a monthly remuneration.

Approval financial statements

On June 17, 2019 the Executive Board approved the 2018 financial statements of PFTSA to be presented for approval at the General Assembly. During the General Assembly Meeting held on June 24, 2019 the members approved these financial statements

Aruba, June 24, 2019

Mr. G.K. Farro
Chairman of the Executive Board

Mr. C.E. Heyliger
Secretary of the Executive Board
Board Member representing participants

Mr. E. de Cuba
Board Member representing employers

Mrs. M.R. Arends-Croes
Board Member representing participants

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Financial Statements

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Statement of financial position

For the year ended December 31
in AWG

	Note	2018	2017
PLAN ASSETS			
Investments for the risk of the Fund	5	11,512,818	11,213,318
Investments for the risk of the participants	6	68,949,605	70,159,665
Investment property for the risk of the participants	7	15,388,930	10,225,802
Total non-current plan assets		**95,851,353**	**91,598,785**
Receivables and prepaid expenses	8	2,419,537	1,842,788
Investments for the risk of the participants	9	1,813,659	1,908,997
Investments for the risk of the Fund	10	901,596	-
Cash and cash equivalents	11	11,994,816	2,488,280
Total current plan assets		**17,129,608**	**6,240,065**
NON PLAN ASSETS			
Tangible fixed assets	12	167,498	158,994
Total non-current assets		**167,498**	**158,994**
Total Assets		**113,148,459**	**97,997,844**

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Statement of financial position *(continued)*

For the year ended December 31
in AWG

	Note	2018	2017
CAPITAL AND LIABILITIES			
Pension fund capital	*13*	-	-
Reserves	*13*	9,496,680	8,266,201
Total Pension fund capital		**9,496,680**	**8,266,201**
PLAN LIABILITY			
Provision for pension liabilities for risk of the Fund	*14*	12,583,124	12,373,052
Provision for pension liabilities for risk of the participants	*15*	89,959,091	76,192,117
Other provisions	*16*	-	266,222
Total non-current plan liabilities		**102,542,215**	**88,831,391**
Provision for pension liabilities for risk of the Fund	*14*	222,013	216,935
Provision for pension liabilities for risk of the participants	*15*	396,751	323,333
Other liabilities and accrued expenses	*17*	278,169	229,537
Total current plan liabilities		**896,933**	**769,805**
NON PLAN LIABILITY			
Other liabilities and accrued expenses	*17*	212,631	130,447
Total current non plan liabilities		**212,631**	**130,447**
Total capital and liabilities		**113,148,459**	**97,997,844**
Pension liability reserve funding ratio - CBA		***102.00%***	***102.71%***
Pension liability reserve funding ratio		***102.60%***	***103.90%***

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Statement of comprehensive income

For the year ended December 31 *in AWG*	*Note*	2018	2017
REVENUES			
Contributions	*22*	12,513,051	11,192,086
Net investment result for the risk of participants	*23*	4,483,196	4,404,461
Net investment result for the risk of the Fund	*24*	555,192	780,531
Total revenues		**17,551,439**	**16,377,078**
EXPENSE			
Retirement benefits and refunds	*25*	727,284	614,197
Changes in the pension provision for the risk of the Fund	*14*	215,150	283,011
Changes in the pension provision for the risk of the participants	*15*	13,840,394	12,153,873
Administrative expenses	*26*	1,739,174	1,348,226
Net value transfers		65,180	-
Impairment mortgages		-	5,226
Reinsurance premiums		-	1,846
Changes in other provisions	*16*	(266,222)	-
Total operating expenses		**16,320,960**	**14,406,379**
Total net income for the period		**1,230,479**	**1,970,699**
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**1,230,479**	**1,970,699**
APPROPRIATION OF COMPREHENSIVE INCOME			
Added to the general reserve for risk of the Fund	13	54,124	279,350
Added to the general reserve for risk of the participants	13	1,176,355	1,691,349

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Statement of changes in equity

For the year ended December 31
in AWG

	Note	Fund Capital	Reserves	Total Equity
Balance as of January 1, 2017		-	**6,295,502**	**6,295,502**
Net income for the period		-	1,970,699	1,970,699
Total comprehensive income for the period		-	**8,266,201**	**8,266,201**
Other comprehensive income		-	-	-
Total other comprehensive income for the period		-	-	-
Balance as of December 31, 2017	*13*	-	**8,266,201**	**8,266,201**
Balance as of January 1, 2018		-	**8,266,201**	**8,266,201**
Net income for the period		-	1,230,479	1,230,479
Total comprehensive income for the period		-	**9,496,680**	**9,496,680**
Other comprehensive income		-	-	-
Total other comprehensive income for the period		-	-	-
Balance as of December 31, 2018	*13*	-	**9,496,680**	**9,496,680**

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Cash flow statement

For the year ended December 31

in AWG	*Note*	2018	2017
Cash flow from pension activities			
Net contributions for the risk of the participants	*8,22*	12,437,901	11,155,321
Disbursement due to refunds and transfers		(65,180)	-
Disbursements due to refunds and transfers and paid retirement benefits	*25*	(727,284)	(614,197)
Paid administrative expenses	*26*	(1,773,966)	(1,242,092)
Net cash from pension activities		**9,871,470**	**9,299,032**
Cash flow from investing activities			
Proceeds from investments for risk of the Fund		576,144	772,183
Proceeds from investments for risk of the participants		4,055,185	3,313,422
Investments redeemed for risk of the Fund	*5*	4,673,458	4,635,000
Investments redeemed for risk of the participants	*6*	13,427,198	21,982,686
Acquisition of investments for risk of the Fund	*5*	(5,928,362)	(3,345,919)
Acquisition of investments for risk of the participants	*6*	(17,091,242)	(37,254,748)
Acquisition of tangible fixed assets	*8*	(77,316)	(127,237)
Net cash used in investing activities		**(364,935)**	**(10,024,613)**
Net decrease of cash and cash equivalents		**9,506,536**	**(725,581)**
Cash and cash equivalents as of January 1	*11*	**2,488,280**	**3,213,861**
Effect of exchange rate fluctuations on cash held	*11*		-
Cash and cash equivalents as of December 31	*11*	**11,994,816**	**2,488,280**

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Notes to the financial statements for the year ended December 31, 2018

1 General information

(a) Fund information

Pension Fund Tourism Sector Aruba ("PFTSA") was founded in 1992 on the initiative of Aruba Hotel And Tourism Association ("AHATA") and the Federacion di Trahadornan di Aruba ("FTA"), as they both shared the same vision for the need to create a pension plan that would provide workers in the tourist industry with additional income after retirement on top of the general old age pension provided by the government.

Currently there are 165 (2017: 154) member companies affiliated with PFTSA, who together represent approximately 10,378 policies. The total policies can be specified as follows:

	2018	2017
Active policies	5,073	4,928
Vested policies	4,857	4,236
Annuitants policies	282	229
Partners pension policies	16	13
Orphan policy	2	2
Apprehended policies	8	0
Refunds, one-time payments, transfers	140	109
Total policies	**10,378**	**9,517**

The regulatory body for our Foundation is the "Centrale Bank van Aruba" ("CBA").

PFTSA is a foundation Pension Fund as described in the State Ordinance for Company Pension Funds SOCPF (in Dutch: "Landsverordening Ondernemingspensioenfondsen (LOP)"). The SOCPF rules among others the character, contents, regulation, reporting and form of pension Funds. Its main objective is to protect the participants' interests.

(b) Activities of the Fund

The objective of the Fund is to provide old age, widow/widower/orphan pension benefits to the participants and their families.

(c) Managed Pension Plans

As of January 1, 2004, the Fund administers two plans, namely, a Defined Benefit (DB) Plan ("for the risk of the pension Fund") and a Defined Contribution (DC) Plan ("for the risk of the participants"). As of this date the Fund ceased allowing participation into the DB-Plan and the participants can continue only with the DC-plan. The pensions built up in the DB-Plan until December 31, 2003 have not been transferred to the new pension plan (DC-plan).

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The CBA in her Supervisory role regarding Pension Funds issues guidelines. Among others it regulates the calculation of the pension plan. In this respect the usage of an actuarial calculation rate of 4% ("rekenrente") is mandated. The technical provisions and pension liabilities are in principle not stated at market value but are determined in accordance with the actuarial directives prescribed by the CBA.

Starting January 1st, 2009, the Fund changed the actuarial calculation rate previously used in the calculation of the defined benefit plan. Based on this new approach the rate used equals the average interest percentage earned on all investments pertaining to the defined benefit plan. Consequently, applying this interest rate is considered an equivalent to using an interest market rate approach for the calculation of the technical provision for the defined benefit plan.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and taking into consideration the requirements of the CBA in connection with valuation of the provisions for pension liabilities.

The financial statements were approved by the Executive Board on June 17, 2019.

(b) Functional and presentation currency

These financial statements are presented in Aruban florin ("AWG"), which is the Fund's functional currency.

(c) Comparative figures

The classification of comparative figures for the previous financial year has only been adjusted, where applicable, for comparison.

(d) Use of estimates and judgments

i) Estimation uncertainty

The preparation of the financial statements in conformity with IFRSs requires management and the Executive Board to make estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts income and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 5 – investments for the risk of the Fund;
- Note 6 – investments for the risk of the participants;
- Note 7 – investment property for the risk of the participants.

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Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 14 – Technical provision for risk of the Fund;
- Note 15 – Technical provision for risk of the participants;
- Note 16 – Provision for disability.

ii) Valuation of Financial Instruments

The Fund's accounting policy on fair value measurements is discussed hereafter. The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Additionally, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other assumptions used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Fund uses widely recognized valuation models for determining the fair value of common and simpler financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

iii) Valuation of Investment Property

Different external, independent valuation companies Arcotec N.V. and Aruba Living Today N.V. that have appropriate, experience and knowledge, recognized professional qualifications and recent experience in the location and category of property being valued, values the Fund's investment property every 12 months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuation is prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation. Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Fund and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time. For the purposes of preparing the valuation the following aspects were taken into consideration: occupancy, duration of lease agreement, location of the property, expectation towards renewal of lease agreements and expected selling price.

3 Significant accounting policies

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements according to the IFRSs.

(a) Basis of valuation and determination of results

Unless otherwise stated, assets and liabilities are carried at current value. An asset is recognized in the balance sheet when it is probable that the future economic benefits of the asset will flow to the Fund and the amount of the asset can be measured reliably. A liability is recognized in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Income is recognized in the statement of income and expenses when an increase in future economic benefits related to an increase in an asset or a decrease in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of income and expenses when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Items in the statement of income and expenses are largely a function of the accounting policies in respect of the investments and the provision for pension liabilities applied in the preparation of the balance sheet. Both realized and unrealized results are accounted for directly in the Fund result, on the principle of 'fair value through profit or loss'.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to AWG at the foreign exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to AWG at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statements of income and expenses. The following foreign currencies are translated into AWG at the following fixed exchange rates:

- 1 USD: AWG 1.80;
- 1 ANG: AWG 1.00.

(c) Investment property

Investment property is held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognized in the statement of income and expenses. Investment properties are not depreciated. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(d) Investments held-to-maturity

Time deposits, bonds and mortgages with fixed or determinable payments and fixed maturity dates, that the Fund has the firm intent and ability to hold until maturity, are classified as "held-to-maturity" investments.

Held-to-maturity investments are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, minus any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and prevent the fund from classifying investment securities as held-to-maturity for the current and the following two financial years.

(e) Investments at fair value through profit and loss

Investments recorded at fair value, if any - through income statement- are initially recorded at fair value including transaction cost and subsequently periodically re-measured at fair value based on quoted bid prices or discounted cash-flow models. A gain or loss arising from a change in fair value is recognized in the income statement.

Subsequent measurement of bonds that are classified as investments at fair value through profit and loss, where available, is based on quoted market prices, and adjusted for accrued interest. If no quoted price is available, the current value is calculated based on the contracted cash flows and the market interest rates appropriate to the remaining terms to maturity. If warranted by the Fund's estimates of the risk, spreads are also considered.

(f) Tangible fixed assets

Tangible assets such as computers and office equipment are carried at the lower of cost and value in use, minus straight-line depreciation calculated over the estimated useful lives of the assets concerned.

(g) Impairment

i) Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Fund considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Fund uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its' carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-Financial Assets

The carrying amounts of the Fund's non-financial assets, i.e. tangible fixed assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value minus costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions.

(i) Cash and Cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(j) Fund Capital

Fund capital consists of a capital contribution by the members of the Fund and the accumulation of results retained by the Fund.

(k) Provision

A provision is recognized if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by taking into consideration the actuarial requirements by the CBA in connection with valuation of the provisions for pension liabilities.

i) Technical provision for the risk of the Fund (defined benefit)

The calculation of the pension provision is based on the following principles:

- *Actuarial interest rate*: 4% (2017: 4%);
- *Mortality table*: The mortality table used is, GBM/GBV 2000-2005 (2017: GBM/GBV 2000-2005), as drafted by the Society of Actuaries and in conformity with the CBA actuarial directives, with an age correction of -1 year for non-retirees and age correction of -1 year (2017: -1 year) for retirees. For children the mortality risk was set at zero;
- *Age difference*: All participants are assumed to be married. Male participants are assumed to be 2 years older than female participants; the provision is set at the net cash value of the regulatory benefits accrued until balance sheet date. The age at balance sheet date is determined by deducting the date of birth from the balance sheet date. The period until retirement date is determined by deducting the age at balance sheet date from the retirement age;
- *Exit costs:* The Fund applies a 2% exit costs
- *Cost deduction:* 0.5% (2017: 0.5%).

Due to the method of payment chosen (monthly in arrears), pension premiums due or pension premiums prepaid have not been considered for the calculation of the provision.

Initial for identification purposes:
BDO

ii) Provision for pension liability for risk of the participants (defined contribution)

The incoming premium and a portion of the investment income are added to the pension provision. The premium for disability provision and a percentage of the administration costs are deducted from the premium income. In determining the 2018 pension provision the following assumptions were used:

- *Actuarial interest rate*: 4% (as required by the CBA);
- *Mortality table*: The mortality table used is, GBM/GBV 2000-2005 (2017: GBM/GBV 2000-2005), as drafted by the Society of Actuaries and in conformity with the CBA actuarial directives, with an age of -1 year (2017: -1 year) for retirees. For children the mortality risk was set at zero;
- *Cost deduction*: 10% (2017: 10%);
- *Cost retention for premium waiver for disability*: 0% (2017: 1.2%);
- *Cost retention for pension acquisition at retirement date*: 2% acquisition of pension based on actual marital status;
- *Exit costs*: The Fund applies a 2% exit costs;
- *Interest granted*: 4% (2017: 4%).

Due to the method of payment chosen (monthly in arrears), pension premiums due or pension premiums prepaid have not been considered for the calculation of the provision.

iii) Provision for disability

In 'Other provisions' are included provisions for risks that are associated with the pension liabilities to the extent that they are not included in the calculation of the provision for pension liabilities. Currently the Fund accounted for a provision for disability benefits.

In determining the provision for disability, consideration is given to the future cost of disability claims for participants as at the balance sheet date that are expected to be declared disabled in the future. The liability is estimated using historical disability claim figures and estimate based on a percentage of the saving premiums.

(l) Other liabilities and accrued expenses

The fund initially recognizes other liabilities on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Fund has the following non-derivative financial liabilities: trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(m) Revenues

i) Premium Contributions

Contributions are attributed to the period to which they relate. An estimate is made based on extrapolation if the necessary information has not been received from employers. The amount allowed to cover the costs of collection is accounted for in the benefit payments and administrative expenses.

ii) Investment results

Investment results for the risk of the Fund and for the risk of participants are attributed to the period to which they relate. Capital gains and losses are accounted for in the period in which they occur.

iii) Other income

Other income consists of administrative fees and investments income fees (if any) and is attributed to the period to which it relates.

(n) Expenses

i) Retirement Benefits

The benefits represent payments made to the participants and annuitants and are based on actuarial principles and are allocated to the year in which the liability was incurred.

ii) Administrative expenses

Administrative expenses are attributed to the period to which they relate. The Fund is further exempted from profit tax.

iii) Changes in the pension provision for the risk of the Fund (defined benefit)

Pension accruals are attributed to the period in which the accrual of pension rights takes place. An exception to this is the assumed continuation of active service for the purposes of pension accrual in the case of incapacity and death. This future accrual of pension rights is recognized immediately in the year in which the participant becomes unable to work or dies. The change in the pension provision for the risk of the Fund consists of the following items:

- *Interest addition:* The interest cost added is calculated based on the nominal interest rate for a period of one year included in the interest rate structure published by CBA for pension funds. The interest is calculated on the opening balance and the movements during the year;
- *Retirement benefits and other claims:* The amount released from the provisions for pension and insurance liabilities is credited to the statement of income and expenses in the period for which provision for the expenses concerned was made in the calculation of those provisions;
- *Pension rights* transfers: Changes in respect of transfers of pension rights are attributed to the period to which they relate;
- *Change in interest rate:* The effect which the adjustment of the actuarial interest rate in line with guidelines has on the provisions for pension and insurance liabilities is recognized in the statement of income and expenses at the end of the reporting period;

- *Change in actuarial assumptions:* The effect which the adjustment of the actuarial assumptions has on the provisions for pension and insurance liabilities is recognized in the statement of income and expenses at the end of the reporting period;
- *Other movements*: Other movements in provisions for liabilities consist of adjustments to liabilities dotation to disability and result on discount rates and are attributed to the period to which they relate.

iv) Changes in the provision for the risk of the participants (defined contribution)

The changes reflect the difference between the beginning and ending values at balance sheet date of the provision.

- *Interest addition:* The interest cost added is calculated based on the nominal interest rate for a period of one year included in the interest rate structure maintained by the Fund. The interest is calculated on the opening balance and the movements during the year;
- *Retirement benefits and other claims:* The amount released from the provisions for pension and insurance liabilities is credited to the statement of income and expenses in the period for which provision for the expenses concerned was made in the calculation of those provisions;
- *Pension rights* transfers: Changes in respect of transfers of pension rights are attributed to the period to which they relate;
- *Change in interest rate:* The effect which the adjustment of the actuarial interest rate in line with guidelines has on the provisions for pension and insurance liabilities is recognized in the statement of income and expenses at the end of the reporting period;
- *Change in actuarial assumptions:* The effect which the adjustment of the actuarial assumptions has on the provisions for pension and insurance liabilities is recognized in the statement of income and expenses at the end of the reporting period;
- *Other* movements: Other movements in provisions for liabilities consist of adjustments to liabilities and result on discount rates and are attributed to the period to which they relate.

v) Net value of transfers

The net value of transfers reflects the value of the pension rights of the participants that have decided to transfer these to another pension fund.

(o) Related parties

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions. All transactions, outstanding balances and other relationships with entities identified as related parties are disclosed in accordance with International Accounting Standard 24 Related Party Disclosures.

Key management personnel comprise of the members of the Executive Board and the members of the management team who have authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly.

The key management officers of the Fund deemed to be able to materially influence the performance and the future of the Fund are provided salary, benefits and incentives based on individual performance.

(p) Cash-flow statement

The statement of cash flows has been prepared using the direct method. The notes to the statement of cash flows explain the variances between movements in the items in the statement of income and expenses and the items in the statement of cash flows. Receipts and expenditures in foreign currencies are translated into Aruban Florin ("AWG") at transaction date exchange rates. The differences arising because of differences between the transaction rate of exchange and the settlement rate of exchange are included in the direct investments income received.

4 New adopted standards and interpretations

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019 and have not been applied in preparing these financial statements. IFRS 16 Leases will be applicable as from January 1, 2019. The assessment and subsequent impact, if any, will be evaluated by the Fund during 2019.

Further the Fund assessed the use of IAS 26 Accounting and Reporting by Retirement Benefit Plans (IAS 26) and decided to apply this standard for its financial statements starting the year 2018. As a consequence of applying IAS 26 the Fund is exempted from applying IFRS 9 Financial instruments (IFRS 9). IFRS 9 states in Appendix B.2 that IFRS does not change the requirements related to employee benefit plans that comply with IAS 26. Applying IAS 26 has no change on the existing classification of the pension assets and liabilities. The assets are currently either measured at fair value (through profit and loss) or at their ultimate redemption value. Further as a result of applying IAS 26 the Fund changed the presentation of Statement of financial position as at December 31, 2018 (and 2017) to show the plan assets and liabilities separately from its non-plan assets and liabilities.

Notes to the financial position

5 Investments for the risk of the Fund

i) Breakdown of investments

Investments for risk of the Fund are assets relating to Defined Benefit plan and consist of investments held-to-maturity. The classification depends on the nature and the purpose of the investments and is determined at the time of initial recognition.

The total carrying amount of the investments is based on external estimates and confirmations. The value of the investment portfolio is therefore largely based on data from independent sources.

The movements in the investments for the risk of the Fund that are held-to-maturity can be specified as follows:

in AWG	2018	2017
Balance as of January 1	**11,213,318**	**12,502,399**
Acquisitions	1,507,000	3,345,919
Redemption and sales	(1,207,500)	(4,635,000)
Balance as of December 31	**11,512,818**	**11,213,318**

The following table analyzes the investments by category and concentration.

in AWG	*Loans*	*Bonds*	*Time Deposits*	**Total**
2018				
Government	-	8,042,982	-	**8,042,982**
Financial institutions	1,330,836	139,000	-	**1,469,836**
Financial like institutions	-	-	2,000,000	**2,000,000**
Balance as of December 31	**1,330,836**	**8,181,982**	**2,000,000**	**11,512,818**

in AWG	*Loans*	*Bonds*	*Time Deposits*	**Total**
2017				
Government	-	7,882,482	-	**7,882,482**
Financial institutions	1,330,836	-	-	**1,330,836**
Financial like institutions	-	-	2,000,000	**2,000,000**
Balance as of December 31	**1,330,836**	**7,882,482**	**2,000,000**	**11,213,318**

Initial for identification purposes:
BDO

ii) Terms and repayment schedule

The governments bonds have a maturity period that varies between 1 to 15 years. These bonds earn, depending on terms, between 4.00% and 7.00% interest per annum. The 7% bonds were repaid in 2018, making the highest interest yield 6.5%.

The time deposits have a maturity period that varies between 1 to 2 years. These deposits earn 5.95% interest per annum. The terms and conditions of the bonds, loans and time deposits were as follows:

Financial Assets held to maturity

in AWG	Amount	Interest %	Maturity in year(s)
Bonds per category purchased in:			
Aruba: 2013-2017	8,181,982	4.00-7.00	2018-2033
Total Bonds	**8,181,982**		
Loan (including capitalized interest)			
SOGA – HOH	1,330,836	6.75	2038
Total Loans	**1,330,836**		
Time deposits purchase from Volkskredietbank van Aruba in:			
2014 -2015	2,000,000	5.95	2019-2020
Total Time deposits	**2,000,000**		

6 Investments for the risk of the participants

i) Breakdown of investments

Investments for risk of the Participants are assets relating to Defined Contribution plan and consist of investments held-to-maturity and investments at fair value through profit and loss. The classification depends on the nature and the purpose of the investments and is determined at the time of initial recognition.

The total carrying amount of the investments is based on external estimates and confirmations. The value of the investment portfolio is therefore largely based on data from independent sources.

The movements in the investments for the risk of the participants that can be specified as follows:

in AWG	2018	2017
Balance as of January 1	**70,159,665**	**59,245,510**
Acquisitions	11,199,464	30,851,272
Change in fair value of investment in shares / corporate bonds	344,025	325,234
Impairment loans	(595,809)	(5,226)
Capitalized interest and fees receivable	-	434,730
Redemption and sales	(12,157,740)	(20,691,855)
Balance as of December 31	**68,949,605**	**70,159,665**

The following table analyzes the investments by category.

in AWG	*Bonds*	*Time deposits*	*Loans*	Mortgages	Shares	**Total**
2018						
Government	16,015,018	-	-	-	-	**16,015,018**
Financial	-	2,000,000	26,319,063	-	-	**28,319,063**
Financial like	850,000	500,000	-	-	500,000	**1,850,000**
Others	4,800,000	-	-	8,043,709	9,921,815	**22,765,524**
Balance as of December 31	**21,665,018**	**2,500,000**	**26,319,063**	**8,043,709**	**10,421,815**	**68,949,605**

in AWG	*Bonds*	*Time deposits*	*Loans*	Mortgages	Shares	**Total**
2017						
Government	17,581,528	-	-	-	-	**17,581,518**
Financial	-	6,000,000	25,306,768	-	-	**31,306,768**
Financial like	-	500,000	-	-	-	**500,000**
Others	4,800,000	-	-	7,790,700	8,180,679	**20,771,379**
Balance as of December 31	**22,381,528**	**6,500,000**	**25,306,768**	**7,790,700**	**8,180,679**	**70,159,665**

ii) Terms and repayment schedule

Bonds

The bonds have a maturity period that varies between 1 to 20 years. These bonds earn, depending on terms, between 4.00% and 7.25% interest per annum.

Prime Real Estate Fund Brion B.V. doing business as Curaçao Heritage Fund

In 2018 the Fund participated in a bond issue for ANG 850,000 managed by Prime Real Estate Fund Brion B.V. doing business as Curaçao Heritage Fund.

The bond is listed on the Dutch Caribbean stock Exchange (DCSX). The DCSX is subjected to supervision by the Central Bank of Curaçao and Sint Maarten.

The security agent is Vidanova Bank Global Custody Foundation.

The total bond issue has a value of ANG 7,400,000. The bonds have a maturity of 5 years and earns an interest of 5% per annum.
This bond issue is secured, and shared pro rata based on the participation, by the following collaterals:

- First mortgage right on the real estate
- Pledge on Accounts Receivables
- First loss Payee on relevant insurance coverage

Time Deposits

The time deposits have a maturity period that varies between 1 to 2 years. These deposits earn, depending on terms, between 0.75%-5.95% interest per annum.

Loans

W.E.B. Aruba N.V.

In 2011 the Fund participated in a syndicated loan that is managed by the AIB Bank N.V., as syndication leader. The borrower is W.E.B. Aruba N.V. The total nominal amount of the loan is AWG 67,727,000. The loans have been disbursed in 2012 and the borrower started with its repayment of the loans. The loan (divided in two tranches) has a maturity period of 10 to 12 years and earns interest of 5.875% per annum. In 2016 all the loans are transferred to Term Loan I. The Term Loan I earns an interest of 5.50% per annum. As of April 30, 2019, the interest will be set to 5,03% based on an agreed mechanism set out in Clause 5.1(b) of the Term Facilities Agreement.

The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- First credit mortgage in the amount of AWG 277,260,000 or equivalent in USD, plus 50% interest and costs, on all real property of the Borrower, including additional real estate property for the Recipes III that is in the process of being transferred;
- First priority security ranking assignment of the rights of the Privatization Agreement;
- First priority security ranking assignment of the rights of the Elmar Contract;
- First priority security ranking assignment of monies and claims;
- First priority security ranking fiduciary transfer inventory and equipment;
- First priority security ranking assignment of rights of supply contracts;
- First priority security ranking assignment of rights of (relevant) insurance policies;
- First priority security ranking assignment of installation/construction contracts.

Fundashon Mariadal

In 2014 the Fund participated in a syndicated loan that is managed by the RBC Merchant Bank (Caribbean) Limited, as syndication leader. The borrower is Fundashon Mariadal. The total nominal amount of loan is USD 60,000,000 (AWG 108,000,000). The loan consists of two tranches. The Fund participates for a total amount of USD 1,000,000 (AWG 1,800,000) in tranche A (USD 45,000,000) of the total syndicated loan. The loan is matured. Tranche A had a maturity of 5 years (November 23, 2013 - November 29, 2018) and earned interest of 5.25% per annum. The Tranche A principal payments consisted of eight (8) quarterly payments, i.e. seven (7) consecutive equal quarterly payments of USD 1,125,000 and the final eighth (8^{th}) payment which is a balloon payment of USD 37,125,000 has been made in December 2018 and repaid in full.

Stichting Onroerend Goed Aruba (HOH)

In 2013 the Fund participated in a syndicated loan that is managed by the AIB Bank N.V., as syndication Bank. The borrower is Stichting Onroerend Goed Aruba N.V. The total nominal amount of the dual currency loan is AWG 252,700,000. The loan consists of three tranches. The Fund participates for a total amount of AWG 4,750,000 in tranche A (AWG 212,200,000) of the total syndicated loan. Upon completion of the project this tranche will roll forward in tranche B. The loan is currently being disbursed. The interest due during the construction period is capitalized as part of the loan.

In 2017 at request of the Borrower the loan was increased to a total amount of AWG 335,959,011. The Fund participated with an additional amount of AWG 5,000,000 and participates in this project for a total amount of AWG 9,750,000.

The construction period is estimated at 5 years and 6 months. During this period the Fund will earn 6.75% on the disbursed amounts. Upon completion the loan has a maturity of 25 years and earns interest of 6.50% per annum. The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- First priority credit mortgage established in the amount of AWG 256,200,000 plus 40% interest and costs on the rights of long lease
    - of an aggregated 79,974 m^2 of land, with the facilities of the Hospital Complex thereon;
    - on two parcels located on Juan Irausquin Boulevard at Eagle Beach totaling 32, 721 m^2 and further described as follows:
        - the right of long lease on a parcel of land of 18,781 m^2, located at Eagle in Aruba, further described in fieldwork number 20110209 parcel number 1; and
        - the right of long lease on a parcel of land of 13,940 m^2, located at Eagle in Aruba, further described in fieldwork number 20110219 parcel number 1.
- Assignment of claims to the Lease Agreement, present and future;
- Specific assignment of movable properties related to the Hospital Complex and the;
- Project including furniture, fixtures & equipment and all building materials belonging to the Borrower, present and future;

- Assignment of extended fire and burglary insurance naming the Security Agent as loss payee on all assets assigned as security;
- Assignment of all rights and claims arising from the performance bond extended to the Borrower by the general contractor related to the Project;
- Assignment of the Construction All Risk Insurance;
- Assignment of all bank accounts held by the Borrower in relation to the Project and the Hospital Complex including the Project Account, Debt Service Reserve Account and the Maintenance Reserve Account.

Servicio di Telecomunicacion di Aruba (SETAR) N.V.

In 2014 the Fund participated in a loan that is managed by the RBC Merchant Bank (Caribbean) Limited., as syndication leader. The borrower is Servicio di Telecomunicacion di Aruba (SETAR) N.V. The total nominal amount of the dual currency loan is USD 59,000,000. The Fund participates for a total amount of AWG 1,000,000. The loan has a maturity of 6 years (October 1, 2015 - October 1, 2021) and earns interest of 5.50% per annum.

The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- A First Charge by way of Legal Mortgage over all Real Estate and Buildings of the Issuer and the assignment of all leases over the Poles and Transfer Houses used by the Issuer For the provision of all services, stamped to cover the amount of the Issue [AWG];
- A First Priority Right of Pledge over all the Fixed and Floating Assets of the Issuer stamped to cover the amount of the Issue;
- Assignment of material contracts;
- A First Priority Right of Pledge over all valid Property, third party liability as well as business interruption insurance policies underwritten by acceptable insurance companies;
- Other such security as reasonably recommended by the Lender's council.

Aruba Ports Authority N.V.

In 2014 the Fund participated in a loan that is managed by the AIB Bank N.V., as Agent Bank. The borrower is Aruba Ports Authority N.V. The total nominal amount of the dual currency loan is AWG 62,650,000. The Fund participates for a total amount of AWG 3,500,000. The loan has a maturity of 17 years and earns interest of 6.00% per annum. In 2017 a refinancing took place whereby the interest rate has been adjusted downwards to 5.00% per year. The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- First Mortgage to be established in the amount of AWG 62,650,000 plus 40% interest and costs on 34 plots of the aggregate of approximately 237,727 m2 located at Oranjestad;
- First Mortgage to be established in the amount of AWG 1,700,000 plus 40% interest and costs on the tugboat Andicuri;

- First Mortgage to be established in the amount to be determined plus 40% interest and costs on the new tugboat;
- First Mortgage to be established in the amount to be determined plus 40% interest and costs on the new pilot boat;
- General assignment of monies and claims of the Borrower present and future including insurances naming the Security Agent as loss payee on all assets assigned as security;
- Fiduciary transfer of ownership of all movable properties, furniture, fixtures and equipment belonging to the Borrower, present and future including the pilot boat Urirama;
- Assignment of all rights arising out of the Concession Agreement;
- Assignment of all rights arising out of the Direct Agreement.

Aruba Ports Authority N.V. (tugboat)

In 2018 the Fund participated in a loan that is managed by the AIB Bank N.V., as Agent Bank. The borrower is Aruba Ports Authority N.V. The total nominal amount of the loan is AWG 17,000,000. The Fund participates for a total amount of AWG 1,621,796. The loan has a maturity of 15 years and earns interest of 5.00% per annum. The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- First Mortgage established in the amount of AWG 17,000,000 plus 40% interest and costs on the new tugboat;
- Pledge on security provided to APA by seller of the vessel.

This loan is currently being disbursed.

Les Vents Development Holding N.V.

In 2016 the Fund participated in a loan that is managed by the AIB Bank N.V., as syndication leader. The borrower is Les Vents Development Holding N.V.

The total nominal amount of the dual currency loan is USD 6,550,000 (two tranches). The Fund participates for a total amount of USD 2,550,000. The loan has a maturity of 24 months and earns interest of 12.00% per annum. The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- First Mortgage to be established in the amount of USD 6,550,000 plus 40% interest and costs on 53 condominium units and 5 townhouses of the aggregate of approximately 11,381 m2 located at Eagle Beach, Aruba;
- Pledge of receivables;
- Pledge of movable properties including but not limited to construction materials, inventory, furniture and equipment, vehicles and machinery;
- Assignment of fire and burglary insurance on buildings;
- Assignment of Construction All Risk (CAR) insurance during the construction period.

In October 2018, the lenders received a request from a Canadian Group to take over the loan. In January 2019, this group has negotiated a discount with the lenders (AIB Bank N.V. and PFTSA). The Fund has granted the discount of USD 332,854 (AWG 595,809) which appears as an impairment in our books. The outstanding balance of USD 921,124 (AWG 1,658,160) was transferred on May 2, 2019 to PFTSA.

Stichting Fundacion Cas pa Comunidad Arubano (FCCA)

In 2017 the Fund participated in a loan that is managed by the Vidanova Bank N.V., as Agent Bank. The borrower is Stichting Fundacion Cas Pa Comunidad Arubano.

The total nominal amount of the loan is AWG 95,000,000. The Fund participates for a total amount of AWG 5,000,000. The loan has a maturity of 15 years and earns interest of 5.00% per annum. The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- A limited silent pledge up to a maximum amount of AWG 95,000,000 on the mortgage loan portfolio of the issuer.

Wondersea Investments N.V.

In 2017 the Fund participated in a loan that is managed by the AIB Bank N.V., as Agent Bank. The borrower is Wondersea Investments N.V.

The total nominal amount of the loan is USD 5,500,000. In January 2018, at the request of the Borrower the loan was increased with USD 2,500,000 to a total amount of USD 8,000,000.

The Fund increased its participation from USD 2,500,000 to a total amount of USD 3,636,364. The loan had a maturity of 30 months and earns interest of 8.50% per annum. In June 2019, at the request of the borrower, and with the approval of both lenders, the maturity of the loan was extended with six months till December 2019.

The loan is secured, and shared pro rata based on the participation, by the following collaterals:

- First credit mortgage established on the property land plot of 7,260 m2 known as Noord, parcel 2-D-247;
- Assignment of cash and receivables arising out of sales contract and claims arising out of the reservation agreements;
- Assignment on all relevant insurances;
- Pledging of shares of Wondersea Investments N.V.

AAA- Gateway 2030 project

In October 2018 the Fund participated in a total Loan Facility of AWG 495,000,000, that has Vidanova Bank N.V. as the Agent Bank, Security Agent and Paying Agent. The borrower is Aruba Airport Authorities N.V. (AAA). The purpose of the loan is to finance the constructions project related to Gateway 2030. All lenders will participate in the construction Bridge Loan period of 5 years. Thereafter, either in a 10-year or 15-year term loans.

The Fund participated in the Bridge Loan Facility A for a total amount of AWG 5,000,000 with a fixed interest rate of 4.5%. After the construction period the loan will be converted in three 15-years AWG adjustable rate Term loans Facility, i.e., C-I: AWG 1,666,667, C-II: AWG 1,666,667 - and C-III: AWG 1,666,666. The interest rate on the Term Loan Facility C is as follows:

At Financial close and until the fifth anniversary of the Financial Close and as of the respective Term Loan Facility Creation Dates, 5% per annum fixed for the duration of this period and calculated over the outstanding balance of each such Term Loan Facility.

As of the fifth anniversary of the Financial Close, the then applicable interest rate will be increased by 50 basis points in the event that the weighted average interest rate of 15-year Aruba government AWG-bonds over the preceding three (3) year period is more than 100 points above the then applicable interest rate.

As of the tenth anniversary of the Financial close, the then applicable interest rate will be increased by 50 basis points in the event that the weighted average interest rate of 15-year Aruba government AWG-bonds over the preceding three (3) year period is more than 100 points above the then applicable interest rate.

The loan is secured, by the following collaterals:

- First ranking credit mortgage plus 50% interest and costs on all the real property and assets of the borrower;
- First Priority pledge by AAA to the Security Agent on all receivables present and future;
- First Priority pledge by AAA to the Security Agent on all bank accounts;
- First Priority pledge of by AAA to the Security Agent on all movable properties, furniture, fixtures & equipment belonging to the borrower and all construction/ installation materials, present and future;
- First Priority pledge by AAA to the Security Agent on the rights from the installation/ construction contracts;
- Non-notarized positive-negative undertaking to establish a second ranking credit mortgage for an amount equal to the aggregate of the then outstanding Principal Obligation minus the amount of the first ranking mortgage, plus 50% interest and costs.

This loan is currently being disbursed.

Mortgages

Mortgages are granted to participants of the Fund. They have a maturity period that varies between 2-35 years. The mortgages earn, depending on terms, between 4.95% to 7.50% interest per annum. The Board has approved the new rate of 5.95% starting in October 2018 as a special campaign to attract participants to make use of this investment vehicle. The rate of PFTSA employees has been also adjusted from 5.25% to 4.95% also starting in October 2018.

Shares

Aruba Growth Fund C.V.

From July 27, 2015 the Fund participates as a limited partner in Aruba Growth Fund C.V. ("AGF"). The Fund has committed itself to a total investment of AWG 4.2 million.

in AWG	2018	2017
Balance as of January 1	**2,748,715**	**2,550,998**
Acquisition of shares from AGF and capital calls	-	197,717
Repayment	(102,889)	-
Balance as of December 31 (value at cost)	**2,645,826**	**2,748,715**
Balance as of January 1	**431,963**	**106,729**
Change in fair value	344,025	325,234
Balance as of December 31 (change in fair value)	**775,988**	**431,963**
Net asset value as of December 31	**3,421,814**	**3,180,678**

Mack's Total Finance VBA

From November 2016 the Fund participates in Mack's Total Finance VBA. The Fund has bought 20,000 shares with a nominal value of AWG 100 with a fixed annual cumulative preferred dividend of 8%. These shares do not have voting rights and only receive annual cumulative interest. In June 2018, the Fund has increased the investment with AWG 1.5 million. The total investment is AWG 6.5 million (2017: AWG 5.0 million).

Prime Real Estate Fund Brion B.V. doing business as Curaçao Heritage Fund

In 2018 the Fund participated for ANG 500.000 in shares of which an amount of ANG 250,000 in common shares and an amount of ANG 250,000 in preferred shares managed by Prime Real Estate Fund Brion B.V. doing business as Curaçao Heritage Fund. This fund invests in various properties located within the UNESCO World Heritage boundaries of Willemstad, Curacao.

The security agent is Vidanova Bank Global Custody Foundation.

From the net profit, as reflected in the profit and loss account, and provided that the net profit is sufficient to this end, to the shareholders of non-cumulative preference shares a dividend of seven percent (7%) shall be paid calculated on the basis of nominal value of their shares being one hundred guilders currency of the Netherlands Antilles (ANG 100.00).

Initial for identification purposes:
BDO

7 Investment property for the risk of the participants

The movement in the category of investment property is specified as follows:

in AWG	Investment property (excluding project in Progress)	Project in progress	**Total 2018**	Investment property (excluding project in Progress)	Project in progress	**Total 2017**
Balance as of January 1	**4,751,000**	**5,474,802**	**10,225,802**	**4,625,000**	**1,059,151**	**5,684,151**
Change in fair value	5,378	(415,709)	**(410,331)**	126,000	-	**126,000**
Completed projects	-	(427,340)	**(427,340)**	-	(201,972)	**(201,972)**
Project in progress	-	-	-	-	4,248,310	**4,248,310**
Investments	5,171,622	829,177	**6,000,799**	-	369,313	**369,313**
Balance as of December 31	**9,928,000**	**5,460,930**	**15,388,930**	**4,751,000**	**5,474,802**	**10,225,802**

Investment property currently consists of 3 commercial properties of which two are leased to third parties.

The range of yields applied to the net annual rentals to determine the fair value of properties for which current prices in an active market are unavailable vary between 6.75-7% (2017: 6.75%) The impact of the fair value valuation method, while also taking into consideration among other the net free cash flows, relevant period for each property and individual assumptions is disclosed hereunder.

1). Fundacion Servicio Laboratorio Medico Aruba (FSLMA):

The lease contract will expire on December 31, 2022. The increase of the value of the investment property is the result of the increase in cash flows. The monthly lease term of this property is AWG 43,875. Due to chosen valuation method, the value of the building has been adjusted upwards with an amount of AWG. 177,243.

2). Orange Plaza Mall:

On July 2nd, 2018 the Fund has purchased the Orange Plaza Mall property. This property consists of 18 units which each has a rental agreement of one year with the option to renew. The monthly rental income is AWG 41,462. Due to chosen valuation method, the value of the building has been adjusted downwards with an amount of AWG. 171,865.

3). Jan Flemming Project:

Furthermore, during the fiscal year 2014 the Fund started with a real estate housing project aimed at its participants. The project is divided into 11 parcels, of which 9 (2017: 7) are completed. Participants that purchase a parcel are financed by means of a mortgage granted by the Fund for which the parcel is granted as collateral. Upon completion of a portion of the project, this part is considered realized (sold) and the related income and expenses are recognized in the statement of comprehensive income. The Fund recognized a net loss in financial year 2018 of AWG 415,709 and a net income in 2017 of AWG 14,591 on the completed parcels.

8 Receivables and prepaid expenses

The receivables and prepaid expenses can be specified as follows:

in AWG	2018	2017
Receivables from employers	1,015,973	940,823
Interest receivables – for the risk of the pension Fund	209,239	230,391
Interest receivable – for the risk of the participants	1,089,835	668,595
Other	104,490	2,979
Balance as of December 31	**2,419,537**	**1,842,788**

9 Investments for the risk of the participants

The Investments for risk of the Participants are assets relating to the Defined Contribution plan and consist of investments at fair value through profit and loss. The classification depends on the nature and the purpose of the investments and is determined at the time of initial recognition. The total carrying amount at fair value of these investments is based on quotes (level 1) from independent sources.

The Fund intended to hold the investments to profit from the changes in fair value change as well as income derived from these assets. When needed these will be converted (net of transaction costs) into cash and cash equivalents.

Kovack Securities

This concerns the financial assets that managed by Kovack Securities. These financial assets can be specified as follows:

in AWG	2018	**2018**	2017	**2017**
	Cost	**Fair value**	Cost	**Fair value**
Listed shares	752,334	**694,386**	715,866	**779,797**
Listed corporate bonds	1,183,097	**1,119,273**	1,116,421	**1,129,200**
Cash and cash equivalents	30,796	**30,796**	44,195	**44,195**
Total assets as of December 31,	1,966,227	**1,844,455**	1,876,482	**1,953,192**
Reclass for presentation purposes to cash and cash equivalents	(30,796)	**(30,796)**	(44,195)	**(44,195)**
Balance as of December 31	1,935,431	**1,813,659**	1,832,287	**1,908,997**

Initial for identification purposes:
BDO

10 Investments for the risk of the Fund

The Investments for risk of the Fund are assets relating to the Defined Benefit plan and consist of investments at fair value through profit and loss. The classification depends on the nature and the purpose of the investments and is determined at the time of initial recognition. The total carrying amount at fair value of these investments is based on quotes (level 1) from independent sources.

The Fund intended to hold the investments to profit from the changes in fair value change as well as income derived from these assets. When needed these will be converted (net of transaction costs) into cash and cash equivalents.

Solar Asset Management N.V.

This concerns the financial assets that managed by Solar Asset Management N.V. These financial assets can be specified as follows:

in AWG	2018	**2018**	2017	**2017**
	Cost	**Fair value**	Cost	**Fair value**
Listed shares	411,995	**378,583**	-	-
Listed corporate bonds	543,408	**523,013**	-	-
Cash and cash equivalents	859,782	**859,782**	-	-
Total assets as of December 31,	1,815,185	**1,761,378**	-	-
Reclass for presentation purposes to cash and cash equivalents	(859,782)	**(859,782)**	-	-
Balance as of December 31	955,403	**901,596**	-	-

11 Cash and cash equivalents

The cash and cash equivalents can be specified as follows:

in AWG	2018	2017
Caribbean Mercantile Bank N.V.	4,322,860	966,617
Aruba Bank N.V.	3,934,421	1,169,394
FirstCaribbean International Bank (Cayman) Limited, Aruba Branch	1,120,206	103,470
FirstCaribbean International Bank Curaçao N.V.	(90)	-
RBTT Bank N.V.	1,726,854	204,604
Kovack Securities – bank accounts	30,796	44,195
VP Bank (Switzerland) AG, Zurich	859,782	-
Vidanova Bank N.V.	(13)	-
Balance as of December 31	**11,994,816**	**2,488,280**

The bank balances consist of current accounts and savings accounts. The savings accounts earn an interest of 0.1%. The interest is paid quarterly. Furthermore, the cash and cash equivalents are not

encumbered. In the event of a debit balance the Caribbean Mercantile Bank N.V . will charge an interest of 18% per annum.

12 Tangible fixed assets

The movements in the tangible fixed assets can be specified as follows:

in AWG	*Furniture & Equipment*	*Vehicle*	*Computer equipment*	**Total**
Balance as of January 1, 2017				
Cost	90,776	36,489	191,039	**318,304**
Accumulated depreciations	(56,946)	(25,725)	(145,655)	**(228,326)**
Carrying amount	**33,830**	**10,764**	**45,384**	**89,978**
Changes in 2017				
Investments	11,179	65,000	51,058	**127,237**
Cost disinvestment	(32,683)	(36,489)	(110,237)	**(179,409)**
Accumulated disinvestment	32,683	31,198	110,237	**174,118**
Depreciation	(10,823)	(11,323)	(30,784)	**(52,930)**
Total change	**356**	**48,386**	**20,274**	**69,016**
Balance as of December 31, 2017				
Cost	69,272	65,000	131,860	**266,132**
Accumulated depreciations	(35,086)	(5,850)	(66,202)	**(107,138)**
Carrying amount	**34,186**	**59,150**	**65,658**	**158,994**
Changes in 2018				
Investments	18,180	-	59,136	**77,316**
Depreciation	(12,358)	(11,700)	(44,753)	**(68,811)**
Total change	**5,822**	**(11,700)**	**14,383**	**8,505**
Balance as of December 31, 2018				
Cost	87,452	65,000	190,996	**343,447**
Accumulated depreciations	(47,444)	(17,550)	(110,955)	**(175,949)**
Carrying amount	**40,008**	**47,450**	**80,041**	**167,498**
Depreciation period in useful lives	3-5	5	3	

The tangible fixed assets are not encumbered.

13 Pension Fund capital and reserves

The pension fund reserve can be specified as follows:

	Risk of the Fund	Risk of the participants	**Total**
Balance as of January 1, 2018	**566,020**	**7,700,181**	**8,266,201**
Net income for the period	54,124	1,176,355	**1,230,479**
Balance as of December 31, 2018	**620,144**	**8,876,536**	**9,496,680**

Initial for identification purposes:
BDO

14 Provision for the risk of the Fund

The movements in the provision for the risk of the Fund were as follows:

in AWG	Retirement benefits	Survivor benefits	**2018**	Retirement benefits	Survivor benefits	**2017**
Balance as of January 1,	**10,555,401**	**2,034,586**	**12,589,987**	**10,299,830**	**2,007,147**	**12,306,977**
Corrections prior	-	-	-	-	-	-
Interest	416,943	80,988	**497,931**	408,314	80,030	**488,344**
Retirement	(199,499)	(12,532)	**(212,031)**	(180,367)	(12,532)	**(192,899)**
New partners	-	-	-	-	-	-
Refunds and transfers to	-	-	-	-	-	-
Surrender value	(15,677)	(4,881)	**(20,558)**	(20,950)	(4,957)	**(25,907)**
Deceased members with or without	(60,156)	(6,969)	**(67,125)**	-	-	-
Risk premiums	61,047	(39,873)	**21,174**	52,181	(34,851)	**17,330**
Paid out costs	(3,990)	(251)	**(4,241)**	(3,607)	(251)	**(3,858)**
Balance as of December 31	**10,754,069**	**2,051,068**	**12,805,137**	**10,555,401**	**2,034,586**	**12,589,987**
Less: short term portion			**(222,013)**			**(216,935)**
Long term portion			**12,583,124**			**12,373,052**

The technical provision for the risk of the Fund can be specified per category as follows:

in AWG	2018	2018	2017	2017	2016	2015
	Policies	*AWG*	*Policies*	*AWG*	*AWG*	*AWG*
For active members – regular / additional	220	3,942,840	227	3,891,637	4,170,084	4,412,361
Vested members – regular / additional	319	5,789,487	325	5,794,935	5,587,311	5,284,493
For existing pensioners	136	2,883,533	127	2,709,417	2,353,284	2,178,371
Widows / Widowers / Orphans	11	189,277	9	193,998	196,295	119,768
Balance as of December 31	**686**	**12,805,137**	**688**	**12,589,987**	**12,306,974**	**11,994,993**

Initial for identification purposes:
BDO

15 Provision for pension liabilities for the risk of the participants

The movements in the provision for the risk of the participants were as follows:

in AWG	*Defined contribution*	*Defined contribution (pensions)*	2018	2017
Balance as of January 1	**72,406,089**	**4,109,361**	**76,515,450**	**64,361,576**
Corrections prior year	2,893	(34,643)	**(31,750)**	**134**
Pension accrual and contribution	12,513,682	-	**12,513,682**	**11,191,925**
Interest	3,055,886	180,522	**3,236,408**	**2,794,888**
Pensioners	(1,277,301)	1,254,018	**(23,283)**	**16,482**
Refunds and transfers to participants	(297,368)	(60,237)	**(357,605)**	**(320,151)**
Retirement benefits	-	(317,131)	**(317,131)**	**(242,516)**
Disbursements expenses	(1,210,113)	(6,344)	**(1,216,457)**	**(1,175,383)**
Risk premiums	-	36,528	**36,528**	**(111,505)**
Balance as of December 31	**85,193,768**	**5,162,074**	**90,355,842**	**76,515,450**
Less: short term portion			**(396,751)**	**(323,333)**
Long term portion			**89,959,091**	**76,192,117**

The provision for pension liabilities for the risk of the participants can be specified per category as follows:

in AWG	2018	2018	2017	2017	2016	2015
	Policies	*AWG*	*Policies*	*AWG*	*AWG*	*AWG*
For active members – regular	5,073	62,531,069	4,928	53,647,974	45,062,898	37,115,427
Vested members – regular	4,858	22,662,699	4,236	18,758,115	16,098,844	12,232,171
Annuitants	307	5,162,074	244	4,109,361	3,199,834	2,751,031
Balance as of December 31	**10,238**	**90,355,842**	**9,408**	**76,515,450**	**64,361,576**	**52,098,629**

16 Other provisions

The other provisions can be specified as follows:

in AWG	2018	2017
Balance as of January 1	**266,222**	**266,222**
Release of the provision	(266,222)	-
Balance as of December 31	**-**	**266,222**

The Board of PFTSA has decided (after obtaining the approval of the members at the General Assembly Meeting in 2018) to abolish the benefit regarding disability as per January 1, 2019. So, onwards no benefits for disability will be paid out and the premium has been stopped from January 1,2018.

Taking this into account, the decision has been made to eliminate the reserve for disability.

17 Other liabilities and accrued expenses

The other liabilities and accrued expenses can be specified as follows:

PLAN LIABILITY

in AWG	2018	2017
Insurances	202,444	187,380
Deposits and rent receive in advance	75,725	41,917
Others	-	240
Balance as of December 31	**278,169**	**229,537**

NON PLAN LIABILITY

in AWG	2018	2017
Accrued liability	191,477	117,795
Payroll and related accruals	21,155	12,652
Balance as of December 31	**212,632**	**130,447**

18 Risk management

(a) risk management

In the report by the Executive Board of PFTSA, the Executive Board sets out what the risks are that the Fund faces and what policy has been implemented to control, manage, and mitigate those risks. This section discusses the quantitative and qualitative aspects of the control measures.

Risk management, the Executive Board has the following policies available:

- Coverage Policy;
- Financing Policy;
- Premium Policy;
- Reinsurance Policy.

Which policy the Executive Board will use and how it will apply this will be based on extensive analysis of the likely future developments of the obligations and developments in financial markets. Management and Executive Board of the Fund prepared in 2018 an Asset-Liability Management Study (ALM). Based on the results of the aforementioned analysis, the investment guidelines established by the Fund, management and the Executive Board will be amended.

(b) Interest rate risk

i) Profile of interest rate risk

Interest rate risk is the risk that the value of the portfolio of fixed income securities and pension changes, due to unfavorable changes in market interest rates. The interest rate risk is mitigated as most of the investments are in fixed interest securities, such as time deposits issued by banks, government bonds, secured loan facilities and secured mortgages.

At the reporting date the interest rate profile of the Fund's interest-bearing financial assets was as follows:

in AWG	2018	2017
Bonds for risk of the Fund	9,228,008	7,882,482
Bonds for risk of the participants	23,903,564	23,510,718
Total fixed rate financial assets	**33,131,572**	**31,393,200**
Bonds for risk of the Fund	-	-
Bonds for risk of the participants	-	-
Total variable rate financial assets	-	-

ii) Sensitivity analysis

The investments in bonds are only with a fixed rate and as such are not exposed to any fluctuations in market interest rates; therefore, a sensitivity analysis is not required.

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will change due to changes in foreign currency exchange rates. The Fund transacts in the following foreign currencies:

- The United States Dollar ("USD"), and the
- Netherlands Antilles Guilder ("ANG").

Currently the investments of the Fund are denominated for 95% (2017: 95%) in local currency and for 5% (2017: 5%) in foreign currency (ANG and USD). The local currency has historically been pegged to the United States Dollars and has a fixed exchange rate with AWG. Consequently, the Fund currency risk is considered mitigated.

The total investment of the Fund into local and foreign currencies can be specified as follows:

in AWG	2018	2018	**Total**	2017	2017	**Total**
	Local	*Foreign*		*Local*	*Foreign*	
	95%	*5%*	***100%***	*95%*	*5%*	***100%***
Bonds	28,115,000	3,374,286	**31,489,286**	29,364,000	2,029,200	**31,393,200**
Time deposits	4,500,000	-	**4,500,000**	8,500,000	-	**8,500,000**
Loans	27,649,900	-	**27,649,900**	25,024,604	1,613,000	**26,637,604**
Mortgages	8,043,709	-	**8,043,709**	7,790,700	-	**7,790,700**
Investment property	15,388,930	-	**15,388,930**	10,225,802	-	**10,225,802**
Shares	9,921,814	1,572,969	**11,494,783**	8,180,679	779,797	**8,960,476**
Balance as of December 31	**93,619,353**	**4,947,255**	**98,566,608**	**89,085,785**	**4,421,997**	**93,507,782**

The investments in foreign currencies are denominated in ANG and USD. The ANG is also pegged to the USD. The Fund is not exposed to any fluctuations in these currencies and therefore a sensitivity analysis is not required.

(d) Credit risk

i) Sector risk

Credit risk is the risk of financial loss to the Fund because of (potential) bankruptcy or insolvency of the Fund's counterparties in which it has investments. This can include parties which are considered bond issuers, banks where deposits are placed and others.

To reduce this risk, the Fund sets requirements for the creditworthiness of counterparties, ensuring adequate coverage or additional collateral required. The spread is partly reflected in the different sectors in which it invests. The following table gives a breakdown of the investments by sector:

in AWG	%	Government	Financial institutions	Financial like institutions	Real Estate	Others	**Total**
2018							
Bonds	32%	24,197,000	-	1,373,013	-	5,919,273	**31,489,286**
Time deposits	5%	-	2,000,000	2,500,000	-	-	**4,500,000**
Loans	28%	-	27,649,900	-	-	-	**27,649,900**
Mortgages	8%	-	-	-	-	8,043,709	**8,043,709**
Investment property	15%	-	-	-	15,388,930	-	**15,388,930**
Shares	12%	-	-	878,583	-	10,616,200	**11,494,783**
Balance as of December 31	**100%**	**24,197,000**	**29,649,900**	**4,751,596**	**15,388,930**	**24,579,182**	**98,566,608**

in AWG	%	Government	Financial institutions	Financial like institutions	Real Estate	Others	**Total**
2017							
Bonds	34%	25,464,000	-	-	-	5,929,200	**31,393,200**
Time deposits	9%	-	6,000,000	2,500,000	-	-	**8,500,000**
Loans	28%	-	26,637,604	-	-	-	**26,637,604**
Mortgages	8%	-	-	-	-	7,790,700	**7,790,700**
Investment property	11%	-	-	-	10,225,802	-	**10,225,802**
Shares	10%	-	-	-	-	8,960,476	**8,960,476**
Balance as of December 31	**100%**	**25,464,000**	**32,637,604**	**2,500,000**	**10,225,802**	**22,680,376**	**93,507,782**

The values represent the direct investments held by the Fund. Furthermore, these values exclude the interest receivables.

With regard to the creditworthiness of borrowers of fixed-income portfolio, these are held in the form of government bonds (32% of the total investment in 2018) or time deposits and loans at local banks or comparable institutions (52% of the total investment in 2018) that fall (partially) under the supervision of either the CBA or the CBCS.

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The credit risk of the secured loan facilities is also mitigated by the fact that these loans are secured by tangible assets.

The credit risk of the mortgages is mitigated by the fact that these mortgages are extended up to 100% of the execution value of the property. Contrary to the other types of investments, these mortgages provide protection to the Fund through sale of the mortgaged property in the event of default in payments by the participant.

The Fund participated in a corporate bond issued by "NuCapital Beheer Aruba N.V." for an amount of AWG 4,800,000 (2017: AWG 4,800,000). This bond is included in the category "Others". This corporation invests in several alternative projects in the Caribbean. This investment is currently not quoted. The Fund will continue to monitor the results closely. As at balance sheet there is no indication that the third party is unable to meet its payment obligations.

ii) Impairment losses

The ageing of loans and receivables (including other receivables) at the reporting date for respectively risk of the fund and risk of the participants, was:

Loans and receivables for risk of the fund (including other receivables)

	12/31/2018		12/31/2017		12/31/2016	
in AWG	Gross	Impair-ment	Gross	Impair-ment	Gross	Impair-ment
Not past due	1,540,076	-	1,561,227	-	1,345,750	-
Past due less than a year	-	-	-	-	-	-
Past due more than a year	-	-	-	-	-	-
Total	**1,540,076**	**-**	**1,561,227**	**-**	**1,345,750**	**-**

Loans and receivables for risk of the participants (including other receivables)

	12/31/2018		12/31/2017		12/31/2016	
in AWG	Gross	Impair-ment	Gross	Impair-ment	Gross	Impair-ment
Not past due	36,573,071	-	34,709,866	-	22,176,838	-
Past due less than a year	-	-	5,226	(5,226)	8,628	-
Past due more than a year	-	-	-	-	-	-
Total	**36,573,071**	**-**	**34,715,092**	**(5,266)**	**22,185,466**	**-**

Management considered an allowance for impairment in respect for amounts past due less than a year. Management has taken measures in order to pursue the collection of the amounts past due less than a year.

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(e) Concentration risk

In general, concentration risk may occur if an appropriate diversification of assets and liabilities is missing. Concentration risks can occur when there is among others a concentration of the portfolio in the regions, economic sectors and counterparties. A portfolio of loans that are highly sector-specific, sector concentration can be at increased risk. Currently approximately 5% (2017: 5%) of the investment portfolio is located abroad (United States, Trinidad & Tobago, Curacao and Bonaire) and consist of Government bonds and loans. This region is stable (economically and politically) and as such the concentration risk is considered low.

in AWG	%	Government	Financial institutions	Financial like institutions	Real Estate	Others	**Total**
2018							
Bonds	32%	24,197,000	-	1,373,013	-	5,919,273	**31,489,286**
Time deposits	5%	-	2,000,000	2,500,000	-	-	**4,500,000**
Loans	28%	-	27,649,900	-	-	-	**27,649,900**
Mortgages	8%	-	-	-	-	8,043,709	**8,043,709**
Investment property	15%	-	-	-	15,388,930	-	**15,388,930**
Shares	12%	-	-	878,583	-	10,616,200	**11,494,783**
Balance as of December 31	**100%**	**24,197,000**	**29,649,900**	**4,751,596**	**15,388,930**	**24,579,182**	**98,566,608**

(f) Liquidity risk

Liquidity risk is the risk that the Fund is not able to obtain the financial resources needed to comply with its obligations. The liquidity risk within the Fund is very limited because there are no investments held in unlisted securities. Virtually all investments have a direct or indirect quotation.

It is also true that the total premium income, direct investment income and amortization are much higher than the total of the retirement benefits and costs.

Premium revenues are higher than the pension benefits and the costs of the Fund. Therefore, it is unlikely that the Fund will face payment problems in the short and medium-term.

The following are the contractual maturities of financial liabilities:

in AWG	Carrying Amount	Less than 1 year	More than 1 year
Pension liabilities for risk of the Fund	12,805,137	222,013	12,583,124
Pension liabilities for risk of the participants	90,355,842	396,751	89,959,091
Other provision	-	-	-
Other liabilities	490,800	490,800	-
Balance as of December 31, 2018	**103,651,779**	**1,109,564**	**102,542,215**

in AWG	Carrying Amount	Less than 1 year	More than 1 year
Pension liabilities for risk of the Fund	12,589,987	216,935	12,373,052
Pension liabilities for risk of the participants	76,515,450	323,333	76,192,117
Other provision	266,222	-	266,222
Other liabilities	359,984	359,984	-
Balance as of December 31, 2017	**89,731,643**	**900,252**	**88,831,391**

(g) Insurance risk (actuarial risk)

The main insurance risks are longevity, mortality and disability risk. The principal actuarial risk is longevity risk (the risk that participants living longer than average which is considered when determining the provision for pension).

The Fund applies the published mortality tables GBM /GBV 2000-2005 (2017: GBM /GBV 2000-2005) and the age correction is -1 in 2018 (2017: -1). These tables, in accordance with the actuary of the Fund, provide a prudent insight into the life expectancy of (former) participants, pension earners and / or survivors. By applying these tables, the longevity risk for the Fund is greatly reduced.

Mortality risk means that in case of death, the Fund may grant a survivor's benefit for which the funds have not been provided. This risk can be expressed as capital risk. The Fund manages this risk in house.

The Fund makes a provision for the waiver of premium disability and awarding a disability pension ("loss reserve"). The difference between risk premium and the actual cost is recorded through the results. The actuarial assumptions for the risk premium will be reviewed periodically.

Since the introduction of the DC-plan, the Fund's Executive Board adopted a 4% actuarial interest rate for determining the Fund's technical provision as per the guidelines of the CBA. As of 2018 the same interest rate has been applied to DB-plan and 0.5% is deducted for costs for the vested participants.

(h) Fair values

The fair values of assets together with the carrying amounts shown in the statement of financial position are as follows:

in AWG	12/31/2018		12/31/2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets at fair value through profit and loss	955,468	901,596	-	-
Held-to-maturity investments	11,512,818	11,512,818	11,213,318	11,213,318
For risk of the Fund	**12,468,286**	**12,414,414**	**11,213,318**	**11,213,318**
Assets held for trading	752,328	694,386	1,832,287	1,908,997
Assets at fair value through profit and loss	19,252,912	20,430,017	12,099,245	13,406,480
Held-to-maturity investments	65,623,601	65,027,791	66,978,987	66,978,987
For risk of participants	**85,628,841**	**86,152,194**	**80,910,519**	**82,294,464**
Total investments	**98,097,127**	**98,566,608**	**92,123,837**	**93,507,782**

19 Events after balance sheet date

In March 2019, the Fund as a co-lender together with AIB Bank N.V. (AIB) have been engaged in a loan agreement with a group of Canadian Investors. During negotiations a dispute has arisen between AIB and the Fund regarding the sum of USD 200,000 relates to a discount granted to the Canadian investors. This dispute is ongoing, however our legal counsel is confident that this will be resolved.

20 Contingent liabilities, assets and commitments

Commitments

The commitments consist of signed agreements regarding investment and related investment property. The total committed amounts are specified in the following overview.

in AWG	Commitments
Commitments as of December 31, 2017	**20,548,819**
Correction	(3,117,425)
Less: realized commitments	(17,989,795)
Less: withdrawn from commitments	(10,765,454)
Addition: new commitments	28,971,493
Commitments as of December 31, 2018	**17,647,638**

The commitments are expected to be disbursed in the following one to two and half years.

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Long lease right (investment property)

The Fund has in connection with the ownership of the investment properties obligations arising from the use of long lease rights. These can be specified as follows:

- Parcel 1K-3334: The long lease right will expire on July 8, 2068. The annual long lease term amounts to AWG 9,960.
- Parcel 1K-2429: The long lease right will expire on September 1, 2065. The annual long lease term amounts to AWG 16,290.
- Parcel 1K-2431: The long lease right will expire on June 8, 2066. The annual long lease term amounts to AWG 16,053.

Lease contract (office building at Vondellaan)

On August 27, 2015 the Fund signed a lease agreement in connection with the change of locations of the Fund's office. The annual long lease term amounts to AWG 55,890.

Lease contract (investment property)

- "De Raad van Bestuur Dr. Horacio Oduber Hospitaal approved the proposal presented by the Fund in connection with the lease of its investment property. The following terms were agreed upon:
    - Lease period started as of January 1, 2019 and will end on December 31, 2022;
    - Monthly lease term of AWG 43,875 (2017: AWG 40,500).

- In June 2018 a lease commitment was approved regarding Orange Plaza Mall containing 18 units with a monthly lease of approximately AWG.41,000 per month.

21 Related parties

Transactions with members of the Executive Board and management of the Fund

All personnel including some key management officers participate in the defined contribution pension plan. In 2018, the basic salaries, social security contributions and other short-term benefits to the key officers of the Fund was AWG 264,309 (2017: AWG 232,626).

Furthermore, the Fund has granted one mortgage to one of the Board members. As of December 31, 2018, the outstanding balance of this mortgage amounts to AWG 111,887 (2017: AWG 127,424).

Notes to the statement of comprehensive income for the year ended December 31, 2018

22 Net contribution for the risk of the participants

The premium contribution consists of contribution made by the employers and participants (including additional premiums that they have made).

The premium contribution to PFTSA, as described in the rules and regulations (RRDC012014), is based on a minimum fixed percentage of 6% (employer 3% and employee 3%) of the participant's annual pension salary. Participants are given the opportunity to make an additional premium contribution of a minimum of 1% up to a maximum of 19%. Employers may also contribute with additional premium, however, the contribution may not exceed 25%.

The contribution made by employers and participants can be specified as follows:

in AWG	*2018*	2017
Employers contributions	5,895,286	5,404,720
Regular contributions by the participants	5,895,286	5,404,720
Additional contribution by the participants	722,479	382,646
	12,513,051	**11,192,086**

i) Concentration

The top 10 participating employers with the Fund represent approximately 70% (2017: 68%) of the annual premium contributions.

23 Net investment result for the risk of the participants

The result of the investments of the risk of the participants can be specified as follows:

in AWG	2018	2017
Interest income	3,882,210	3,343,570
Investment property net of direct expenses	590,113	406,751
Dividend income	741,845	14,432
Change in fair value of investment property	(410,331)	126,000
Change in fair value of investment in shares/bonds and interest	262,811	482,104
Change in fair value of investment loans	(595,809)	-
Other income (net of direct expenses)	12,357	31,693
	4,483,196	**4,404,461**

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Interest income:

in AWG	2018	2017
Bonds	1,304,035	1,326,101
Time deposits	56,502	67,527
Mortgages	523,364	553,296
Loans	1,993,892	1,394,553
Savings	4,417	2,093
	3,882,210	3,343,570

24 Net investment result for the risk of the Fund

The result of the investments of the risk of the Fund can be specified as follows:

in AWG	2018	2017
Interest income bonds and time deposits	611,060	780,531
Dividend income	4,028	-
Change in fair value of bonds and shares	(53,807)	-
Other income (net of direct expenses)	(6,089)	-
	555,192	780,531

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25 Retirement benefits and refunds

The retirement benefits consist of the following:

in AWG	2018	2017
For risk of the Fund		
Retirement benefits	201,581	165,517
Partner pension	14,615	11,820
Orphan pension	918	946
Deceased benefit	-	7,952
Emigration	20,544	161
For the risk of the Participants		
Retirement benefits	463,128	337,635
Partner pension	13,507	8,533
Orphan pension	102	107
Deceased benefit	-	37,128
Emigration	12,889	44,398
	727,284	**614,197**

26 Pension administrative expenses

The pension administrative expenses can be specified as follows:

in AWG	2018	2017
Salaries and remuneration (excluding Executive Board)	728,480	520,864
Accounting, administrative and consultants' fees	150,058	116,722
Actuary fees	96,073	65,804
Audit fees	118,000	37,330
Legal fees and expenses	28,542	20,262
Board fee and expenses	100,158	97,609
Information and technology	170,214	126,814
Office expenses	151,419	156,555
Car expenses	12,633	12,748
Training and education	4,684	5,839
Product promotion	40,444	69,579
Bank charge and fees	7,381	3,791
Depreciation and impairment (including book result)	68,811	52,930
Other operating expenses	62,277	61,379
	1,739,174	**1,348,226**
Number of permanent employees employed by the Fund	10	7

The Salaries and remuneration (excluding Executive Board) can be specified as follows:

in AWG	2018	2017
Salaries and wages	558,555	397,469
Social premiums	86,711	64,744
Pension premium contribution	28,479	22,390
Other staff expenses	54,735	36,261
	728,480	**520,864**

27 Movement in the technical pension provision for the risk of the Fund

Pension accrual

This item reflects the effect of mortalities on the pension liabilities for active participants calculated on a nominal interest rate basis.

Added interest

The value of the participants' pension rights also increases annually with the accrual of interest, in addition to the actual pension accruals. This means an increase in liabilities and hence requires an addition to the provision for pension liabilities, which represents an expense. The expenses relating to the increased liabilities should generally be met from the results achieved on the investment of the pension capital.

Provision utilized for benefit payments and administrative expenses

Future benefits payments are calculated actuarially in advance, based on probability systems, and are included in the provision for pension liabilities. This provision represents the present value of the expected future benefits. Each year, an amount of the provision is utilized to fund the benefits for that year. This item also includes the results on probability systems.

28 Changes in the provision for pension liabilities for the risk of participants

The changes in the provision for pension liability for the risk of participants is calculated by deducting the ending balance of the provision from its beginning balance.

Other information

Proposition for the appropriation of net result for the year 2018

According to the articles of association of Pension Fund Tourism Sector Aruba, the appropriation of the net result is at the disposal of the Executive Board.

The profit for the year 2018 amounting to AWG 1,230,479 is added to the Fund's equity. The financial position as of December 31, 2018 has been prepared taking this decision into account.

Aruba, June 24, 2019

Mr. G.K. Farro
Chairman of the Executive Board

Mr. C.E. Heyliger
Secretary of the Executive Board
Board Member representing participants

Mr. E. de Cuba
Board Member representing employers

Mrs. M.R. Arends-Croes
Board Member representing participants

Initial for identification purposes:
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Independent Auditor's Report

Initial for identification purposes:
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Tel.: + 297-523-6336
Fax: + 297-582-5256
info@bdoaruba.com
www.bdoaruba.com

BDO Accountancy & Advisory
L.G. Smith Blvd. #26
P.O. Box 5021
Aruba

Pension Fund Tourism Sector Aruba Foundation
Attn. of Executive Board
Vondellaan 21
Oranjestad
Aruba

A&A12/01.19/5135

INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of financial statements 2018 included in the annual report

Our opinion
We have audited the financial statements of Pension Fund Tourism Sector Aruba (the "Foundation"), as set out on pages 13 up to and including 59.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Pension Fund Tourism Sector Aruba Foundation as at 31 December 2018 and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards and a directive from the Central Bank of Aruba with regard to the actuarial discount rate.

The financial statements comprise:

1. the statement of financial position as at December 31, 2018;
2. the following statements for 2018: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Pension Fund Tourism Sector Aruba in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

BDO is an Aruban limited partnership that forms part of the international BDO network of independent entities and is a member of BDO International Ltd., a UK company limited by guarantee.
The general terms & conditions of BDO, filed at the Aruba Court of First Instance, apply to our services.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the board report.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the board report.

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS"). Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with auditing standards generally accepted in The Netherlands, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;

- concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a foundation to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

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

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

Aruba, June 24, 2019

Jamil Tromp RA MSc
Partner - Accountancy & Advisory

Independent Actuary's Report

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KeesenActuarissen

Pension Fund Tourism Sector Aruba

Actuarial Report 2018

Aruba, June 24, 2019

Keesen Actuarissen is een handelsnaam van de Keesen Management Group N.V. KvK 82290
Snipweg 26 Curaçao. T. + 5999 738 4651 / 670 8154 F. + 5999 738 4652 E. keesen@actuarissen.com, www.keesen.net

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KeesenActuarissen

Actuarial Declaration

Aruba, June 24, 2019

Assignment
The assignment to issue an actuarial declaration for the Pension Fund Tourism Sector Aruba for the year 2018 is granted to Keesen Actuarissen.

Data
The data on which this audit was based were provided by and were compiled under the responsibility of the management board of the pension fund. In evaluating the assets of the pension fund and in assessing its financial position, we have based ourselves on the financial data in the draft annual report of June 20, 2019. The pension fund's auditor has signed a declaration with regard to the correctness and completeness of the basic administrative data and other assumptions which are of importance to our assessment.

Activities
In carrying out the assignment, we have calculated the provisions referred to in the Actuarial Report. The actuarial assumptions were set up by the Board of the fund.

As part of the activities pertaining to the assignment:
- We have assessed whether the technical provisions have been determined adequately; and
- We have formed an opinion on the financial position of the pension fund.

Our audit was carried out in such a way that with a reasonable degree of certainty the results do not contain any inaccuracies of material importance. We have formed an opinion on the probability with which the pension fund will be able to meet its liabilities incurred until the balance-sheet date, also taking into account the financial policy of the pension fund.

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KeesenActuarissen

Opinion
The technical provisions are equal to Afl. 103,160,980 as per December 31, 2018. This is inclusive of 4% interest added in 2018 to the Defined Contribution capitals. The provision is exclusive a disability reserve. The provisions are calculated on sufficiently prudent assumptions. The amount of the provision is prudent.

The assets of the fund are enough to cover the liabilities. The funding ratio, taking into account the necessary solvency margin, amounts to 102.6% per December 31, 2018. The financial position of the fund is sufficient.

On behalf of Keesen Actuarissen,

Laurens H.M. Keesen, actuary AG
Managing Director

Elma Velgersdijk, actuary AG

LIMITED LIABILITY NOTICE
Our services are provided on the basis that

1. Any action, arising out of, or in connection with, our services, is to be determined by the competent court in Curaçao which shall have exclusive jurisdiction in relation thereto
2. Reliance by anyone on our services will be deemed acceptance of such choice of law and forum and limitation of liability
3. Any and all liability shall be limited to direct damage up to at most the amount of fees paid for the services in the matter concerned.
4. Excluded is our liability for any consequential damage, consequential loss, lost profits, lost savings, loss of goodwill, business interruptions and all other forms of indirect damage or injury.
5. For any right to damages to exist the damage or injury must always be reported to us in writing as soon as possible after it occurs. Any claim to damages against us expires 6 months after the claim arises.
6. In all cases any and all liability shall be limited to the amount which is paid out under our professional liability policy

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