

Abbreviated balance sheet

(In Aruban Florin AWG x 1000)

ASSETS	31-12-2019	31-12-2018
FIXED ASSETS		
1. Tangible fixed assets	631	629
2. Financial fixed assets	3,756	3,565
CURRENT ASSETS		
Receivables		
3. Accounts receivables	1,086	1,389
4. Receivables	1,508	1,609
Total Receivables	2,594	2,998
5. Securities	1,000	200
6. Cash and Bank	5,271	6,655
TOTAL	13,252	14,047
EQUITY AND LIABILITIES		
7. Shareholder's equity		
8. Issued share capital	200	200
9. Share premium	2,230	2,230
10. Other reserve	2,906	2,671
Result for the year	1,554	1,235
Total equity	6,890	6,336
11. Provisions	5,323	6,610
12. Current liabilities, accruals and deferred income	1,039	1,101
TOTAL EQUITY AND LIABILITIES	13,252	14,047

Abbreviated profit and loss account

(In Aruban Florin AWG x 1000)

PROFIT AND LOSS ACCOUNT	2019	2018
13. Net earned premiums	11,858	12,513
14. Cost of sales	-5,241	-6,555
Gross insurance result	6,617	5,958
15. Net commissions	-1,615	-1,721
Net insurance result	5,002	4,237
16. Personnel expenses	2,189	1,773
17. Depreciation of tangible fixed assets	76	126
18. Other operating expenses	829	886
Total operating expenses	3,094	2,785
Operating result	1,908	1,452
19. Financial income and expense	161	195
Result of ordinary activities before taxation	2,070	1,647
20. Tax expense	-516	-412
NET RESULT AFTER TAXATION	1,554	1,235

Notes to the abbreviated financial statements

1. INCORPORATION COMPANY

Netherlands Antilles & Aruba Assurance Company (NA&A) N.V. is an insurance company which was established on March 16, 2007 under the laws of Aruba and started its operations on January 1, 2008.

The deed of incorporation of Netherlands Antilles & Aruba Assurance Company (NA&A) N.V., executed by mr R.E. Yarzagaray, civil-law notary, shows that Netherlands Antilles & Aruba Assurance Company (NA&A) N.V., a private company with limited liability, was incorporated on the date referred to above. The Company is registered in the Chamber of Commerce and Industry Aruba, under number 35969.0.

As of January 1, 2008, the Company has one shareholder.

2. ACTIVITIES

The Company primarily markets and services personal insurances, car and medical insurances. Its customers range from individuals in the lower and higher segment income, to large international hotels on Aruba. These two groups demand value priced insurance premiums as well as quality comprehensive coverages. We also provide insurance to businesses, mostly group health benefits for hotel operations, as well as individual health insurances. As of July 1, 2019 the Company has launched property insurance for its customers which have been actively promoted.

3. DISCLOSURE OF GROUP STRUCTURE

Netherlands Antilles & Aruba Assurance Company (NA&A) N.V. is part of a group. The head of this group is Citizens Holding B.V., Curaçao. The financial statements of Netherlands Antilles & Aruba Assurance Company (NA&A) N.V. are included in the consolidated financial statements of Netherlands Antilles & Aruba Assurance Company (NA&A) N.V., Curaçao.

The Company had transactions or balances with the following related parties:

- ◆ **Netherlands Antilles & Aruba Assurance Company (NA&A) N.V., Curaçao**

Management Board's report

INTRODUCTION

We present to you the financial performance of Citizens Insurance Aruba for the financial year 2019. Our property insurance was launched and introduced successfully. The reinforcement of the Management Team has resulted in an efficient manner of working.

FINANCIALS

Overall net result is showing a steady increase, although there is a slight increase in the operating expenses in the organization. The other expenses were reasonably in line with last year with no notable increase in any of the line items. Positioning of the organization on the market is showing a level of consistency. Alignment of the medical product to move back from offering a tailored medical product with a challenging business operating model to a more straightforward business model is a continuous job.

OUTLOOK

The pace of innovation is already fast and we recognize that it will grow even faster. Citizens embarked on a route into a more innovative and digital operation yet enhance the customer experience and ease of contact with the customer. Demonstration of how we care about our customers has to be the main focus.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The abbreviated financial statements of the Company have been prepared in accordance with the "Directive on the Publication of the Audited Annual Financial Statements" prescribed by the Central Bank of Aruba. The abbreviated financial statements have been derived from the audited financial statements of the Company which have been prepared in accordance with the Guidelines for Annual Reporting of the Dutch Accounting Standards Board (DASs) (accounting principles generally accepted in the Netherlands). The abbreviated financial statements comprise the abbreviated balance sheet, the abbreviated profit and loss account and the notes to the abbreviated financial statements. The abbreviated financial statements do not contain all the disclosures required by the accounting principles generally accepted in the Netherlands.

Assets and Liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principal has been stated, valuation is at historical cost.

The abbreviated financial statements are presented in AWG's, which is also the functional currency of the Company.

FOREIGN CURRENCY TRANSLATION FOR THE BALANCE SHEET

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the profit and loss account, unless hedge accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

RISK PROFILE

The Company is a risk-averse organization. The governance structure (consultations and decision-making in the consensus model), the limited size and complexity of the organization, the simplicity of the products and the direct involvement of management in the risk monitoring play an important role in this.

The risk that claim payments (now or in the future) cannot be financed from premium income as a result of incorrect and/or incomplete (technical) assumptions and principles for the development and premium setting of the product. The Company manages these technical insurance risks through an adequate system of claim reservation, a reinsurance policy and the evaluation of the premium/claim ratios.

Credit risk is the risk that a third party will fail to meet contractual or other agreed obligations (including loans, receivables, guarantees received). The Company manages credit risk of its affiliated member insurers, reinsurers and on its investments. Strict collection procedures are followed for accounts receivable.

Interest rate is the risk that the Company runs with changes in the value of financial instruments as a result of a change in interest rates in the market. The interest rate risk policy is aimed at controlling the net financing costs for fluctuations in market interest rates.

LAND AND BUILDINGS

Land and buildings are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected useful life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account.

OTHER TANGIBLE ASSETS

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

FINANCIAL ASSETS

Receivables recognized under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortized cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

CURRENT SECURITIES

Securities are recognized initially at fair value. Securities can, for the subsequent valuation, be divided into securities that are held for trading and securities that are not held for trading, being equity instruments or bonds.

Securities which are held for trading are carried at fair value after initial recognition. Changes in the fair value are recognized directly in the profit and loss account.

Transaction costs are expensed in the profit and loss account if these are related to financial assets carried at fair value through profit or loss.

Securities classified under the current assets have a maturity of less than twelve months.

CASH AND CASH EQUIVALENTS

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

CURRENT ASSETS

Current assets are initially valued at the fair value of the consideration to be received. Trade receivables are subsequently valued at the amortized cost price. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

PROVISIONS

The technical reserve for claims refers to reported claims incurred but not settled as per year-end and to claims incurred but not yet reported at year-end.

The technical reserve for unearned premiums refers to accrued insurance premiums written in the reporting period, but with a remaining term of the policy in the following year.

CURRENT LIABILITIES

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

ACCOUNTING PRINCIPLES FOR DETERMINING THE RESULT

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realised.

REVENUE RECOGNITION

The Company earns premiums on income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premiums.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

FINANCIAL INCOME AND EXPENSES

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration. Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

INCOME TAX EXPENSE

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

5. SUBSEQUENT EVENTS

In the year 2020 Netherlands Antilles & Aruba Assurance Company (NAA&A) N.V., have to deal with the consequences of the COVID-19 virus. The financial position of Netherlands Antilles & Aruba Assurance Company (NAA&A) N.V. is stable, and the COVID-19 virus has no direct impact on the short term. The long-term consequences are still unclear. The long-term consequences are mainly influenced by the economic conditions of the countries in which Netherlands Antilles & Aruba Assurance Company (NAA&A) N.V. operate and the impact of the economic conditions on the investments of Netherlands Antilles & Aruba Assurance Company (NAA&A) N.V.

Independent auditor's report

To Management and the Supervisory Board of Netherlands Antilles and Aruba Assurance Company (NAA&A) N.V. Aruba

OUR OPINION

The abbreviated financial statements, which comprise the abbreviated balance sheet as at December 31, 2019, the abbreviated profit and loss account for the year 2019 and notes to the abbreviated financial statements, are derived from the audited financial statements of Netherlands Antilles and Aruba Assurance Company (NAA&A) N.V. ('the Company') for the year ended December 31, 2019.

In our opinion, the accompanying abbreviated financial statements are consistent, in all material respects, with the audited financial statements of the Company, as described in Note 4. "Summary of significant accounting policies".

THE ABBREVIATED FINANCIAL STATEMENTS

The abbreviated financial statements do not contain all the disclosures required by the accounting principles generally accepted in the Netherlands. Reading the abbreviated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the abbreviated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated August 27, 2020. That report also includes an emphasis of matter paragraph that draws attention to note 27 of the audited financial statements. Note 27 of the audited financial

statements includes Management's assessment of the Coronavirus (Covid-19) on the future results, cash flows and financial position of the Company. As stated in Note 27 of the audited financial statements, based on its assessment of the impact of the Coronavirus for the year 2020 and beyond, and taking into account the uncertainties that exist as per the date of issuance of the audited financial statements, Management concludes that the financial position of the Company is stable, and the COVID-19 virus has no direct impact on the short term. The long-term consequences are still unclear. These matters are addressed in Note 5 "Subsequent events" of the notes to the abbreviated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE ABBREVIATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the abbreviated financial statements in accordance with the basis as described in Note 4 "Summary of significant accounting policies".

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the abbreviated financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.