

**NETHERLANDS ANTILLES &  
ARUBA ASSURANCE COMPANY  
(NA&A) N.V.**

at

Aruba

Annual report 2020

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Initialed on behalf of  
Grant Thornton Aruba.  
For identification purposes only.

## Auditors Report

## Independent auditor's report

Our ref: 138517/ A-32028

To the Management, the Supervisory Board and the Shareholders of  
Netherlands Antilles and Aruba Assurance Company (NA&A) N.V.  
Dominicanessenstraat 5  
Oranjestad, Aruba

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**Grant Thornton Aruba**  
L.G. Smith Boulevard 62  
Oranjestad  
Aruba

T +297 522 1647  
F +297 582 4864

### *Report on the financial statements included in the annual report*

In our opinion, the financial statements give a true and fair view of the financial position of Netherlands Antilles and Aruba Assurance Company (NA&A) N.V., Aruba (the "Company") as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Netherlands.

### *What we have audited*

The Company's financial statements comprise:

- the balance sheet as at December 31, 2020;
- the profit and loss account for the year ended December 31, 2020;
- the cash flow statement for the year ended December 31, 2020;
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Dutch Code of Ethics).

### *Report on the other information included in the annual report*

Management is responsible for the other information. The other information comprises:

- "Management report".

(but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and the Supervisory Board for the financial statements***

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with accounting principles generally accepted in the Netherlands, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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.

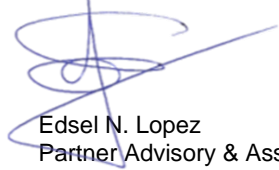
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management'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 Company'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 the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Aruba, June 18, 2021  
Grant Thornton Aruba



Edsel N. Lopez  
Partner Advisory & Assurance

## **Management report**

The economic and financial performance of the world and of Aruba in particular was negatively impacted with the arrival in early March of the Covid-19. Adjustments had to be made quickly to adapt to the situation. At Citizens we were able to quickly turn things around to continue offering the customers the best experience and service by working remotely whenever needed. The entire organization had the ability to quickly adjust. Furthermore we took the opportunity to identify our weaknesses and work on these so that we will be able to offer the customers a more quick and efficient service in the future.

The financial performance of Citizens Insurance Aruba for the financial year 2020 is presented to you. The year started very calm and the organization had to react quick to the switch of being able to work remotely. Being able to continue to offer the best customer experience remotely was assimilated by the entire team.

## **Financials**

Overall the net result is showing a small decrease against 2019 despite the Covid-19. The expenses were reasonably in line with the year before with no notable increase in any line item. The income side was slightly influenced. We have changed our focus to control our expenses, investments and solidifying our internal processes. We have looked in further automation in order to enhance our efficiency and at the same moment be able to give the customer the opportunity to experience the ease of doing business with us by providing the best service on a consistent basis.

A continuous focus and investment in the fixed assets was required. The other expenses were reasonably in line with last year with no notable increase in any of the line items. Emphasis of the positioning of the organization is to be mainly on the ease of customer experience and service delivered on a consistent basis.

## **Outlook**

The pace of innovation has been set and will further be carved into the organization to obtain consistency in service levels. Citizens Insurance Aruba looks into the near future with a perspective of achieving the embarked 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. Alignment of the internal processes will further be enforced in order to increase sales and proactively approaching the market. Focal point is shifted into empowering the entire organization to be better equipped to serve customers and increase our market share.

## FINANCIAL STATEMENT

### BALANCE SHEET AS AT 31 DECEMBER 2020

before appropriation of result

#### ASSETS

(in Aruban florin)

31 December 2020

31 December 2019

#### Fixed assets

Tangible fixed assets	(2)	639,382	631,047
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Financial fixed assets	(3)	3,755,920	3,755,920
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#### Current assets

##### Receivables

Accounts receivable	(4)	834,322	1,085,743
Related party receivable	(5)	69,791	60,824
Loan receivable	(6)	0	11,655
Other receivables, prepayments and accrued income	(7)	<u>1,010,745</u>	<u>1,522,708</u>
		1,914,858	2,680,930

Securities	(8)	1,000,000	1,000,000
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Cash at bank and in hand	(9)	6,046,890	5,271,215
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Total assets		<u>13,357,050</u>	<u>13,339,112</u>
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**SHAREHOLDER EQUITY AND LIABILITIES**

**Shareholder equity (10)**

Capital	200,000	200,000
Share premium	2,230,000	2,230,000
Other reserves	4,459,574	2,905,987
Undistributed result	<u>1,529,717</u>	<u>1,553,587</u>
	8,419,291	6,889,574

**Provisions  
(11)**

3,956,166 5,410,818

**Short-term liabilities  
(12)**

981,593 1,038,720

**Total liabilities and Shareholder  
equity**

13,357,050 13,339,112

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
(in Aruban florin)		
Net earned premiums (13)	11,352,405	11,965,074
Claims incurred (14)	-4,757,479	-5,080,743
Reinsurance premium (15)	<u>-252,745</u>	<u>-231,960</u>
<b>Gross insurance result</b>	6,342,181	6,652,371
Net commissions (16)	<u>-1,464,979</u>	<u>-1,650,248</u>
<b>Net insurance result</b>	4,877,202	5,002,123
Personnel expenses (17)	1,802,548	2,130,233
Depreciation (18)	87,498	76,031
Other operating expenses (19)	<u>1,191,704</u>	<u>918,767</u>
<b>Total operating expenses</b>	<u>3,081,750</u>	<u>3,125,031</u>
<b>Operating result</b>	1,795,452	1,877,092
Financial income and expense (20)	<u>187,890</u>	<u>192,473</u>
<b>Result before taxation</b>	1,983,342	2,069,565
Taxation (21)	<u>-453,625</u>	<u>-515,978</u>
<b>Result after taxation</b>	<u>1,529,717</u>	<u>1,553,587</u>

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The movements of funds can be specified as follows:

	2020		2019	
(in Aruban florin)	amount	amount	amount	amount
<b>Cash flow from operating activities</b>				
Operating result	1,795,452		1,877,092	
<i>Changes/modifications for:</i>				
Depreciation (18)	87,498		76,031	
Movements in provisions (11)	<u>-1,454,652</u>		<u>-1,286,796</u>	
	-1,367,154		-1,210,765	
<i>Movement in working capital:</i>				
Receivables	766,072		345,458	
Short-term liabilities (12) (banks excluded)	<u>-57,123</u>		<u>-191,663</u>	
	708,949		153,795	
Cash flow from operating activities	1,137,247		820,122	
Received interest income	187,890		161,317	
Taxation (21)	<u>-453,625</u>		<u>-411,532</u>	
	-265,735		-250,215	
Total cash provided by operating activities	871,512		569,907	
<b>Cash flow from investment activities</b>				
Investments in tangible fixed assets	-95,843		-94,187	
Purchases in financial fixed assets	<u>0</u>		<u>-932,459</u>	
Total cash used in investing activities	-95,843		-1,026,646	
<b>Cash flow from financing activities</b>				
Dividend paid	<u>0</u>		<u>-926,815</u>	
Total cash provided by / used in financing activities	0		-926,815	
Movements in cash funds	<u>775,669</u>		<u>-1,383,554</u>	
The movement of funds is as follows:				
Balance as at 1 January	5,271,215		6,654,769	
Movement for the year	<u>775,675</u>		<u>-1,383,554</u>	
Balance as at 31 December	<u>6,046,890</u>		<u>5,271,215</u>	

## ACCOUNTING PRINCIPLES

### Accounting principles - General

#### General

##### Incorporation company

Netherlands Antilles & Aruba Assurance Company (NA&A) N.V. (The "Company") 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 the company 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.

#### Activities

The company primarily markets and services personal insurances, car, property 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.

#### 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., Curacao

#### The accounting standards used to prepare the financial statements

The financial statements relate to the financial year 2020, which ended on the balance sheet date December 31, 2020 and are drawn up in accordance with Guidelines for Annual Reporting of the Dutch Accounting Standards Board (DASs).

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

Previous year's figures have been reclassified wherever necessary to make them comparable with the current year's classification.

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

#### Ongoing monitoring of the Covid-19 impact and its financial risk management

Certain impacts from the Covid-19 outbreak may have a significant negative impact on the Company's operations and performance. These circumstances may continue for an extended period of time and may have an adverse impact on economic and market conditions. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries, and individual companies, are not known. The extent of the impact to the financial performance and the operations of the Company will depend on future developments, which are highly uncertain and cannot be predicted.

At present, the Covid-19 pandemic did not interrupt the Company's operations. Prior to the Covid-19 pandemic, the Company had in place remote access to all critical systems and service providers. The Company expects to continue to operate without interruption.

Furthermore, the Company did not have significant impact of financial risk on the investments due to covid-19. Management continues to assess the spread of the covid-19 pandemic and monitor the economic impact, if any, on the investments in the Company.

Overall, based on its assessment of the impact of the Covid-19 pandemic for the year 2020 and beyond, and taking into account the uncertainties that exist, management concludes that it does not consider

the impact to cast significant doubt upon the Company's ability to continue as a going concern or any other impact in judgments and estimates over the financial statements of the Company

Foreign currencies

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.

**Accounting policies - assets and liabilities**

Tangible fixed assets (2)

*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. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the relevant section.

*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.

Receivables (4-7)

Current assets are initially valued at the fair value of the consideration to be received. Trade receivables are subsequently valued at the amortised cost. 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 recognised using the simple interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Fixed and Current Securities (8)

Securities are recognised 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 time deposits and/or bonds.

Securities which are held for trading are carried at fair value after initial recognition. Changes in the fair value are recognised 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 at bank and in hand (9)

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

Shareholder equity (10)

Shares are classified equity when there is no obligation to transfer cash or other assets.

Provisions (11)

*Technical reserve for claims*

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.

*Technical reserve for unearned premiums*

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.

Short-term liabilities (12)

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

## Accounting policies - profit and loss account

### General result

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

### Net earned premiums (13)

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.

### Claims incurred (14)

The company pays all costs related to settled the obligations arising from insurance contracts to claimants.

### Net commissions (16)

Commissions paid to brokers and reinsurances for insurance contracts related to securing new contracts and renewing existing contracts are expensed over the terms of the policies as premium is earned. All other costs are recognized as expense when incurred.

### Depreciation (18)

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, and 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 tangible fixed assets are included in depreciation.

### Financial income and expense (20)

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.

### Taxation (21)

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 nondeductible 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.

## Principles of the cash flow summary

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS

Fixed assets

Tangible fixed assets (2)

(in Aruban florin)

	12/31/2020	12/31/2019
Land and buildings	488,588	489,478
Furniture and equipment	150,794	141,569
	<u>639,382</u>	<u>631,047</u>

	Land and buildings	Furniture and equipment	Total
(in Aruban florin)			

Balance as at 1 January 2020

Costs	1,709,054	721,138	2,430,192
Accumulated depreciation	-1,219,576	-579,569	-1,799,145
Book value	<u>489,478</u>	<u>141,569</u>	<u>631,047</u>

Movements in book value:

Actual cost investments	37,145	58,694	95,839
Depreciation	-38,035	-49,469	-87,504
	<u>-890</u>	<u>9,225</u>	<u>8,335</u>

Balance as at 31 December 2020

Costs	1,746,199	779,832	2,526,031
Accumulated depreciation	-1,257,611	-629,038	-1,886,649
Book value	<u>488,588</u>	<u>150,794</u>	<u>639,382</u>

Depreciation rates	<u>0-10%</u>	<u>10-33%</u>
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Residual Value	0%	0%
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### Financial fixed assets (3)

#### Long-term securities

	12/31/2020	12/31/2019
(in Aruban florin)		
Time deposits	<u>3,755,920</u>	<u>3,755,920</u>

	12/31/2020	12/31/2019
(in Aruban florin)		
Time deposit, Aruba Bank N.V. - Jan 23, 2023 - 2.65%	420,141	420,141
Time deposit, Aruba Bank N.V. - Apr 16, 2024 - 2.5%	200,000	200,000
Government of Aruba - June 22, 2023 - 5.15%	2,000,000	2,000,000
Time deposit, Aruba Bank N.V. - Dec 5, 2023 - 2.5%	<u>1,135,779</u>	<u>1,135,779</u>
	<u>3,755,920</u>	<u>3,755,920</u>

The company has its investments concentrated in Aruba Bank N.V. Management periodically reviews the financial position of Aruba Bank N.V. in order to control the risk of the investments.

### Current assets

#### Receivables

#### Accounts receivable (4)

	12/31/2020	12/31/2019
(in Aruban florin)		
Broker accounts and policy holders	971,404	1,174,637
Bad debt	<u>78,842</u>	<u>78,842</u>
	1,050,246	1,253,479
Provision for bad debts	<u>-215,924</u>	<u>-167,736</u>
	<u>834,322</u>	<u>1,085,743</u>

Accounts receivable older than 30 days are assessed on an individual basis and accounts receivables older than 365 days are fully provided for.

#### Related party receivable (5)

Current account Netherlands Antilles & Aruba Assurance Company N.V., Curacao	<u>69,791</u>	<u>60,824</u>
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A 7% interest is calculated on the average balance of the current account with Netherlands Antilles & Aruba Assurance Company N.V. No repayment term and collateral have been agreed on.

#### Loan receivable (6)

Loan Boogaard Assurantiën N.V.	<u>0</u>	<u>11,655</u>
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**Other receivables, prepayments and accrued income (7)**

	12/31/2020	12/31/2019
(in Aruban florin)		
Prepaid commissions Motor	449,486	583,730
Reimbursement for car claims	207,408	189,609
Interest receivable	159,322	113,211
Prepaid on fixed assets	98,439	0
Prepaid reinsurance premium	64,227	87,399
Accruals and prepaid expenses	17,353	15,902
Other receivables	13,904	9,261
Prepaid commissions Medical	606	0
Corporate income tax 2008 - 2013	0	501,647
Risk reinsurance premiums	0	21,949
	<u>1,010,745</u>	<u>1,522,708</u>

From the total amount of reimbursements for car claims 85% has been provided for.

**Securities (8)**

The securities can be specified as follows:

Time deposit, Aruba Bank N.V. - Nov 23, 2021 - 1.90%	<u>1,000,000</u>	<u>1,000,000</u>
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**Cash at bank and in hand (9)**

Caribbean Mercantile Bank N.V., current account	3,101,985	854,292
Aruba Bank N.V., current account	2,684,337	4,161,528
Banco di Caribe N.V., current account	203,143	190,727
CIBC FirstCaribbean International Bank	49,838	49,850
Cash in hand and transit	<u>7,587</u>	<u>14,818</u>
	<u>6,046,890</u>	<u>5,271,215</u>

## SHAREHOLDER EQUITY AND LIABILITIES

### Shareholder equity (10)

(in Aruban florin)	Issued share capital	Share premium	Other reserves	Undistributed result	Total
Balance as at 1 January 2020	200,000	2,230,000	2,905,987	1,553,587	6,889,574
<i>Appropriated profit last financial year</i>					
Allocation to other reserves	0	0	1,553,587	-1,553,587	0
Result after taxation	0	0	0	1,529,717	1,529,717
Balance as at 31 December 2020	200,000	2,230,000	4,459,574	1,529,717	8,419,291

The authorized capital of the company is divided into 1,000 ordinary shares with a par value of AWG 1,000, 200 shares have been issued and 200 shares have been paid up.

The share premium was fully paid in 2008 for a total amount of AWG 2,230,000.

### Provisions (11)

The movements in technical reserves were as follows:

(in Aruban florin)	Claims	Unearned	Total
Balance as at 1 January 2020	2,112,023	3,298,795	5,410,818
Movements	-660,281	-794,371	-1,454,652
Balance as at 31 December 2020	1,451,742	2,504,424	3,956,166

#### Technical reserve for claims

(in Aruban florin)	12/31/2020	12/31/2019
Reserve for claims motor	1,169,988	1,710,888
Reserve for claims medical	281,754	401,135
	<u>1,451,742</u>	<u>2,112,023</u>

#### Technical reserve for unearned premiums

Unearned premium for motor	2,440,316	3,254,049
Unearned premium for property	33,353	13,798
Unearned premium for medical	30,755	30,948
	<u>2,504,424</u>	<u>3,298,795</u>

**Short-term liabilities (12)**

	12/31/2020	12/31/2019
(in Aruban florin)		
Taxes and social security contributions	659,220	819,511
Other liabilities	<u>322,373</u>	<u>219,209</u>
	<u>981,593</u>	<u>1,038,720</u>

Taxes and social security contributions

Value added tax	27,335	31,884
Wage tax	8,863	85,021
Dividend tax (ruling 2015)	131,771	131,771
Pension premiums	31,578	23,225
Company tax	443,662	515,978
Social security premiums	<u>16,011</u>	<u>31,632</u>
	<u>659,220</u>	<u>819,511</u>

Other liabilities

Accounts payable	134,170	76,521
Payments received in advance	95,031	0
Accruals expenses and other payables	64,194	33,094
Clearing account Setar N.V.	26,884	109,396
Risk reinsurance premiums	2,094	0
Prepaid commissions Medical	<u>0</u>	<u>194</u>
	<u>322,373</u>	<u>219,205</u>

NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

Revenues

**Net earned premiums (13)**

	2020	2019
(in Aruban florin)		
Premium written motor	6,309,614	7,717,625
Premium written medical	4,095,741	3,788,026
Premium written AD&D	0	258,702
Premium written property	58,087	16,652
Alteration unearned premium motor	813,733	89,669
Alteration unearned premium medical	193	1,831
Alteration unearned premium property	-19,555	-13,798
Other insurance income	94,592	106,367
	<u>11,352,405</u>	<u>11,965,074</u>

Motor policies have, as required by law, a required minimum liability of AWG 150,000. Medical policies have a maximum limit coverage for Dental (AWG 2,500) and Vision (AWG 1,200) costs. For accidental death and dismemberment including permanent total disability up to AWG 70,000 is covered. For Property policies are covered up to AWG 1 million. The first AWG 500 thousand is placed in own retention. On the Cat/Nat part of the coverage there is also an own retention for the amount up to AWG 500 thousand. Due that there is no volume as yet in the portfolio we submit each underwritten risk directly in the Web portal at Swiss Re.

**Claims incurred (14)**

Claims paid motor	2,458,324	3,911,602
Road services costs	649,285	436,191
Deductibles motor claims	-90,800	-165,375
Subrogation claim motor	-23,372	-200,992
Claims paid medical	2,396,053	2,287,071
Alteration claim reserve motor	-540,900	-1,285,331
Alteration claim reserve medical	-119,381	69,341
Medical consulting fees	27,600	27,600
Property claims and expertise costs	670	636
	<u>4,757,479</u>	<u>5,080,743</u>

**Reinsurance premium (15)**

Net reinsurance premium motor	-223,773	-212,403
Net reinsurance premium AD&D	-14,443	-16,058
Net reinsurance premium property	-14,529	-3,499
	<u>-252,745</u>	<u>-231,960</u>

**Net commissions (16)**

	2020	2019
(in Aruban florin)		
Commissions paid motor	-1,179,880	-1,431,838
Commissions paid medical	-142,712	-149,923
Commission paid property	-8,943	-2,364
Commissions paid AD&D	0	-5,760
Alteration prepaid commissions motor	-137,081	-61,105
Alteration prepaid commissions medical	800	-1,169
Alteration prepaid commissions property	2,837	1,911
	<u>-1,464,979</u>	<u>-1,650,248</u>

The net commissions relate to commissions paid to insurance brokers. The commissions paid are between 10% to 15% for brokers and 20% to 30% for proxy of the gross premium written.

**Personnel expenses (17)**

Wages and salaries and other employee benefits	1,497,224	1,820,135
Social security charges	239,176	241,197
Pension costs	66,149	68,901
	<u>1,802,549</u>	<u>2,130,233</u>

*Wages and salaries and other employee benefits*

Wages and salaries	1,385,506	1,790,244
Other employee benefits	111,718	29,891
	<u>1,497,224</u>	<u>1,820,135</u>

	2020	2019
Average employees employed as follow:		
Managing Director	2.0	1.0
Sales & Acceptance Department	7.0	7.0
Claims Department	7.0	6.0
Accounting Department	3.5	3.5
Supporting Department ( IT, IA, HR, Filing & Maintenance)	4.5	4.5
Average number of employees	<u>24.0</u>	<u>22.0</u>

**Depreciation (18)**

*Depreciation of tangible fixed assets*

	2020	2019
(in Aruban florin)		
Land and buildings	38,035	46,907
Furniture and equipment	49,469	38,631
	<u>87,504</u>	<u>85,538</u>
Profit on sale of tangible fixed assets	-6	-9,507
	<u>87,498</u>	<u>76,031</u>

**Other operating expenses (19)**

(in Aruban florin)

	2020	2019
Other personnel expenses	35,974	58,658
Housing expenses	121,441	111,758
Selling expenses	151,094	102,750
General expenses	<u>883,195</u>	<u>645,601</u>
	<u>1,191,704</u>	<u>918,767</u>

*Other personnel expenses*

Other staff expenses	33,848	58,221
Travel and lodging	<u>2,126</u>	<u>437</u>
	<u>35,974</u>	<u>58,658</u>

*Housing expenses*

Maintenance buildings	56,852	41,923
Water & electricity	36,607	42,126
Cleaning expenses	14,524	13,272
Property taxes	5,840	5,840
Insurance premium property	5,414	5,305
Security	<u>2,204</u>	<u>3,292</u>
	<u>121,441</u>	<u>111,758</u>

*Selling expenses*

Allowance for doubtful debts	48,188	0
Advertising expenses	90,965	65,797
Representation expenses	<u>11,941</u>	<u>36,953</u>
	<u>151,094</u>	<u>102,750</u>

*General expenses*

Computer and hardware expenses	342,142	227,577
Legal and advisory fees	174,301	62,347
Supervisory board expenses	105,601	117,995
Audit and accounting fee	82,048	68,519
Telephone and fax expenses	39,516	39,628
Bank charges	29,393	31,152
Rental Office Equipment	24,857	25,181
Postage & Courier	23,252	4,268
Office expenses	19,450	35,096
Contributions	18,890	15,662
Other general expenses	9,876	2,445
Stationary and printed forms	7,414	6,651
Car expenses including car insurance	<u>6,455</u>	<u>9,080</u>
	<u>883,195</u>	<u>645,601</u>

**Financial income and expense (20)**

(in Aruban florin)

	2020	2019
Interest on time deposit and bonds and current accounts	<u>187,890</u>	<u>192,473</u>

Interest on time deposit and bonds and current accounts

Interest income on time deposit and bonds	183,473	187,941
Interest of receivables from related parties	<u>4,417</u>	<u>4,532</u>
	<u>187,890</u>	<u>192,473</u>

**Taxation (21)**

Income tax expense from current financial year	<u>453,625</u>	<u>515,978</u>
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Effective tax rate	22.9%	24.9%
Applicable tax rate	25%	25%

The effective tax rate deviates from the applicable tax rate as a result of tax benefits offered by tax regulators in Aruba.