

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

Annual report 2019

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

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Netherlands Antilles & Aruba Assurance Company
(NA&A) N.V.
Oranjestad, Aruba

Auditor's report

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Independent auditor's report

Our ref.: 137314/ A-31536

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

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Our opinion

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, 2019, and its financial performance and 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:

- Balance sheet as at December 31, 2019;
- Profit and loss account for the year 2019;
- Cash flow statement for the year 2019;
- 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).

Emphasis of matter – Effects of the Coronavirus (COVID-19)

We draw attention to note 27 of the financial statements which includes Management's assessment of the Coronavirus (COVID-19) on the future results and financial position of the Company. As stated in the note, 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 these 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.

Our opinion is not modified in respect of this matter.

Other information

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

- “Management Board’s Report”; and
- “Other Information”

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

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

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.

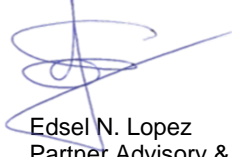
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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, August 27, 2020
Grant Thornton Aruba



Edsel N. Lopez
Partner Advisory & Assurance

Netherlands Antilles & Aruba Assurance Company
(NA&A) N.V.
Oranjestad, Aruba

Management Board's report

Netherlands Antilles & Aruba Assurance Company
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Oranjestad, Aruba

Management Board's report

Legal structure

In 2019 the organizational structure was amended with the inclusion of a second Managing Director halfway during the year. The collaboration with the Supervisory Board remained excellent. The reinforcement of the Management Team has resulted in an efficient manner of working. The financial statements for the year 2019 have been prepared by Management in conjunction with the Supervisory Board and will be offered to the General Shareholders Meeting for approval.

Financial information

The financial result for the year 2019 ended with a net result of Awg. 1,553,585, an overall increase of Awg. 318,100 (25%). The increase in personnel expenses is (are) mainly due to the addition of the second Managing Director, the resignation of the current Managing Director and pensioning of another team member. The other expenses were reasonably in line with last year with no notable expenses in any of the line items.

During 2019 the license for selling Property Insurance was obtained from the Central Bank of Aruba (CBA). The launch of the product was also successfully completed during 2019. Furthermore, the Medical product has been reviewed and adjusted to move back from offering a tailored medical product with a challenging business operating model to a more straightforward business model.

Solvency

For a number of years the company has been sustaining a solid solvency. The minimum solvency requirement of the CBA has been set at Awg. 300,000. The solvency at the end of the financial year 2019 for NA & A N.V. was at Awg. 6,519,700. The expectation is that the solid solvency will provide a favorable environment for continued growth in revenues and a solid company.

Oranjestad, Aruba,

Angeline Tromp-Zievinger
Managing Director

Netherlands Antilles & Aruba Assurance Company
(NA&A) N.V.
Oranjestad, Aruba

Financial statements

Initialed on behalf of
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Balance sheet as at 31 December 2019

Assets

		31-12-2019		31-12-2018 (as restated)	
		AWG	AWG	AWG	AWG
Fixed assets					
<i>Tangible fixed assets</i>	1		631,047		629,391
<i>Financial fixed assets</i>	2		3,755,920		3,564,671
Current assets					
<i>Receivables</i>					
Accounts receivables	3	1,085,743		1,389,154	
Receivables from group companies	4	60,824		73,186	
Loan Boogaard Assurantiën N.V.		11,655		70,445	
Other receivables, prepayments and accrued income	5		1,435,309		1,464,994
			2,593,531		2,997,779
<i>Securities</i>	6		1,000,000		200,000
<i>Cash</i>	7		5,271,215		6,654,769
			13,251,713		14,046,610
Liabilities					
Shareholder's equity					
Issued share capital	8		200,000		200,000
Share premium	9	2,230,000		2,230,000	
Other reserve	10	2,905,991		2,670,506	
Result for the year	11		1,553,585		1,235,485
			6,889,576		6,335,991
Provisions	12		5,323,419		6,610,215
Current liabilities, accruals and deferred income	13		1,038,718		1,100,404
			13,251,713		14,046,610

Profit and loss account for the year 2019

		<u>2019</u>	<u>2018</u>
		AWG	AWG
Net earned premiums	14	11,858,707	12,513,803
Cost of sales	15	<u>(5,241,240)</u>	<u>(6,555,358)</u>
Gross insurance result		6,617,467	5,958,445
Net commissions	16	<u>(1,615,344)</u>	<u>(1,721,295)</u>
Net insurance result		5,002,123	4,237,150
Personnel expenses	17	2,082,142	1,708,551
Depreciation of tangible fixed assets	18	76,031	125,831
Other personnel expenses	19	106,749	64,668
Housing expenses	20	111,758	94,569
Selling expenses	21	102,750	94,657
Car expenses	22	9,080	6,820
Office expenses	23	338,401	335,007
General expenses	24	<u>266,968</u>	<u>354,908</u>
Total operating expenses		<u>3,093,879</u>	<u>2,785,011</u>
Operating result		1,908,244	1,452,139
Financial income and expense	25	<u>161,319</u>	<u>194,878</u>
Result of ordinary activities before taxation		2,069,563	1,647,017
Tax expense	26	<u>(515,978)</u>	<u>(411,532)</u>
Net result after taxation		<u><u>1,553,585</u></u>	<u><u>1,235,485</u></u>

Cash flow statement for the year 2019

	<u>2019</u>	<u>2018</u>
	AWG	AWG
Cash flow from operating activities		
Operating result	1,908,244	1,452,139
<i>Adjustments for</i>		
Depreciation of tangible fixed assets	76,031	125,831
Changes in technical reserves	(1,286,796)	61,612
	(1,210,765)	187,443
<i>Changes in working capital</i>		
Movements receivable and prepayments	345,458	25,404
Movements current liabilities, accruals and deferred income	(191,663)	(592,423)
	153,795	(567,019)
Cash flow from business activities	851,274	1,072,563
Financial income and expense	130,165	195,431
Tax expense	(411,532)	(540,433)
	(281,367)	(345,002)
Cash flow from operating activities	569,907	727,561
Cash flow from investment activities		
Investments in tangible assets	(94,187)	(14,766)
Purchases in financial fixed assets	(932,459)	-
Disposal of financial fixed assets	-	269,142
Cash flow from investment activities	(1,026,646)	254,376
Cash flow from financing activities		
Dividend paid	(926,815)	(629,817)
Movements cash	(1,383,554)	352,120
Turnover movement cash and cash equivalents		
Balance as at beginning of financial year	6,654,769	6,302,649
Movements during financial year	(1,383,554)	352,120
Balance as at financial year end	5,271,215	6,654,769

Netherlands Antilles & Aruba Assurance Company
(NA&A) N.V.
Oranjestad, Aruba

Notes to the financial statements

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.

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.

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 statement relate to the financial year 2019, which ended on the balance sheet date December 31, 2019 and is 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, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

The 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. 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.

Financial assets

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised 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 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 equity instruments 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 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 recognised 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 amortised 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 recognised 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 recognised at fair value. After initial recognition current liabilities are recognised at the amortised 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 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.

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.

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Cash flow statement

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

Fixed assets

	<u>31-12-2019</u>	<u>31-12-2018</u>
	AWG	AWG
1 Tangible fixed assets		
Buildings and land	489,478	536,385
Other fixed assets	141,569	93,006
	<u>631,047</u>	<u>629,391</u>

Tangible fixed assets

	<u>Buildings and land</u>	<u>Other fixed assets</u>	<u>Total</u>
	AWG	AWG	AWG
Balance as at 1 January 2019			
Acquisition costs	1,709,054	700,095	2,409,149
Cumulative depreciation	(1,172,669)	(607,089)	(1,779,758)
Book value as at 1 January 2019	<u>536,385</u>	<u>93,006</u>	<u>629,391</u>
Movements			
Investments	-	94,187	94,187
Depreciation	(46,907)	(38,631)	(85,538)
Disposals acquisition costs	-	(73,143)	(73,143)
Disposals cumulative depreciation	-	66,150	66,150
Balance movements	<u>(46,907)</u>	<u>48,563</u>	<u>1,656</u>
Balance as at 31 December 2019			
Acquisition costs	1,709,054	721,138	2,430,192
Cumulative depreciation	(1,219,576)	(579,569)	(1,799,145)
Book value as at 31 December 2019	<u>489,478</u>	<u>141,569</u>	<u>631,047</u>
Depreciation percentages	<u>0-10%</u>	<u>10-33%</u>	

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
2 Financial fixed assets		
Long-term securities	3,755,920	3,555,920
Loans	-	8,751
	<u>3,755,920</u>	<u>3,564,671</u>

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
Long-term securities		
Time deposit, Aruba Bank N.V. - Dec 5, 2023 - 2.5%	1,135,779	1,135,779
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	-
Government of Aruba - June 22, 2023 - 5.15%	2,000,000	2,000,000
	<u>3,755,920</u>	<u>3,555,920</u>

The time-deposits held at Aruba Bank N.V. have been pledged for an amount of AWG 300,000.

Current assets

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
Short term loan receivable		
Loan Boogaard Assurantiën N.V.	-	70,445
	<u>-</u>	<u>70,445</u>

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
3 Accounts receivables		
Accounts receivables	1,174,637	1,478,266
Bad debts	78,842	78,624
	<u>1,253,479</u>	<u>1,556,890</u>
Provision for doubtful debts	(167,736)	(167,736)
	<u>1,085,743</u>	<u>1,389,154</u>

Accounts receivables assigned to a collection agency are considered to be bad debt. Accounts receivables older than 30 days are assessed on an individual basis and accounts receivables older than 365 days are fully provided for.

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	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
4 Receivables from group companies		
Current account Netherlands Antilles & Aruba Assurance Company N.V., Curacao	60,824	73,186

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.

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
5 Other receivables, prepayments and accrued income		
Other amounts receivable	302,820	275,287
Accruals and prepaid expenses	1,132,489	1,189,707
	<u>1,435,309</u>	<u>1,464,994</u>

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
Other amounts receivable		
Interest receivable	113,211	101,075
Reimbursement for car claims	189,609	174,212
	<u>302,820</u>	<u>275,287</u>

For the restatement of the Corporate income tax 2008 - 2013, we refers to the information included in note 13.

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> (as restated) AWG
Accruals and prepaid expenses		
Prepaid commissions Motor	583,730	642,924
Prepaid commissions Medical	-	975
Risk reinsurance premiums	21,949	27,298
Accruals and prepaid expenses	15,902	13,157
Corporate income tax 2008 - 2013	501,647	501,647
Other receivables	9,261	3,706
	<u>1,132,489</u>	<u>1,189,707</u>

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	<u>31-12-2019</u>	<u>31-12-2018</u>
	AWG	AWG
6 Short-term Securities		
Time deposit, Aruba Bank N.V. - Nov 23, 2020 - 1.75%	1,000,000	-
Time deposit, Aruba Bank N.V. - Apr 16, 2019 - 3.5%	-	200,000
	<u>1,000,000</u>	<u>200,000</u>

	<u>31-12-2019</u>	<u>31-12-2018</u>
	AWG	AWG
7 Cash		
Cash	1,611	1,636
Aruba Bank N.V.	4,174,735	6,032,838
Caribbean Mercantile Bank N.V.	854,292	438,503
Banco di Caribe N.V.	190,727	181,792
CIBC FirstCaribbean International Bank	49,850	-
	<u>5,271,215</u>	<u>6,654,769</u>

8 Shareholder's equity

Movements in equity were as follows:

	Issued share capital	Share premium	Other reserves	Result for the year	Total
	AWG	AWG	AWG	AWG	AWG
Balance as at 1 January 2019	200,000	2,230,000	2,670,506	1,235,485	6,335,991
Appropriated result previous year Allocation to other reserve	-	-	1,235,485	(1,235,485)	-
Result for the year	-	-	-	1,553,585	1,553,585
Dividend	-	-	(1,000,000)	-	(1,000,000)
Balance as at 31 December 2019	200,000	2,230,000	2,905,991	1,553,585	6,889,576

9 Issued share capital

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.

	2019 AWG	2018 AWG
Balance as at 1 January	2,230,000	2,230,000
Movements	-	-
Balance as at 31 December	<u>2,230,000</u>	<u>2,230,000</u>

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

	2019 AWG	2018 (as restated) AWG
Balance as at 1 January	2,670,506	2,235,857
Appropriated result previous year Allocation to other reserve	1,235,485	1,664,773
Error correction in beginning balance	-	369,876
Dividend chargeable to other reserves	(1,000,000)	(1,600,000)
Balance as at 31 December	<u>2,905,991</u>	<u>2,670,506</u>

Some of the amounts reported for the previous period have been restated to correct an error. Detailed information about these adjustments can be found in note 13.

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
12 Provisions		
Technical reserves for claims	2,112,023	3,328,013
Technical reserves for unearned premiums	<u>3,211,396</u>	<u>3,282,202</u>
	<u>5,323,419</u>	<u>6,610,215</u>

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
Technical reserves for claims		
Reserves for claim motors	1,710,888	2,985,615
Reserves for claim medical	<u>401,135</u>	<u>342,398</u>
	<u>2,112,023</u>	<u>3,328,013</u>

Movements in the technical reserves were as follows:

	<u>2019</u> AWG	<u>2018</u> AWG
Reserves for claim motors		
Balance as at 1 January	2,985,615	2,886,172
Release/dotation	2,636,875	4,168,284
Claims paid	<u>(3,911,602)</u>	<u>(4,068,841)</u>
Balance as at 31 December	<u>1,710,888</u>	<u>2,985,615</u>

	<u>2019</u> AWG	<u>2018</u> AWG
Reserves for claim medical		
Balance as at 1 January	342,398	182,850
Release/dotation	2,345,808	2,692,732
Claims paid	<u>(2,287,071)</u>	<u>(2,533,184)</u>
Balance as at 31 December	<u>401,135</u>	<u>342,398</u>

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
Technical reserves for unearned premiums		
Unearned premium for motor	3,254,049	3,343,718
Unearned premium for medical	30,948	32,779
Unearned premium for property	13,798	-
Unearned reinsurance premium motor	<u>(86,562)</u>	<u>(94,295)</u>
Unearned reinsurance premium property	<u>(837)</u>	<u>-</u>
	<u>3,211,396</u>	<u>3,282,202</u>

	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
13 Current liabilities, accruals and deferred income		
Accounts payable	76,525	16,478
Taxes and social security charges	819,511	635,208
Other liabilities and accrued expenses	142,682	448,718
	<u>1,038,718</u>	<u>1,100,404</u>
	<u>31-12-2019</u> AWG	<u>31-12-2018</u> AWG
Accounts payable		
Accounts payable	76,525	16,478
	<u>31-12-2019</u> AWG	<u>31-12-2018</u> (as restated) AWG
Taxes and social security charges		
Value added tax	31,884	34,031
Wage tax	85,021	12,274
Company tax	515,978	411,532
Dividend tax (ruling 2015)	131,771	131,771
Social security contributions	31,632	16,760
Pension premiums	23,225	28,840
	<u>819,511</u>	<u>635,208</u>

NA&A filed her 2008-2013 corporate income tax returns as a company with a transparent status and applied article 8 Profit Tax Ordinance. The tax position for the financial years 2008-2013 based on the filed 2008-2013 corporate income tax returns is illustrated as follows:

	<u>2008</u> AWG	<u>2009</u> AWG	<u>2010</u> AWG	<u>2011</u> AWG	<u>2012</u> AWG	<u>2013</u> AWG
Transparency						
Reported taxable amount	298,820	32,102	704,319	1,133,719	1,170,920	1,170,900
Corporate income tax	83,670	8,989	197,209	317,441	327,858	327,852

NA&A concluded that this transparent status was not beneficial considering the business model, and on April 29, 2015 a settlement agreement was signed with the Departamento di Impuesto ("DIMP") in which the transparent status of NA&A was reversed and withdrawn retroactively till the year 2008. As a consequence, the 2008-2013 taxable amounts have been re-calculated based on article 4-7 of the Profit Tax Ordinance reversing the transparent status from the beginning. We refer to the following corporate income tax positions related based on the settlement agreement between DIMP and NA&A:

Reported taxable amount	788,755	624,298	1,026,192	249,239	495,089	841,381
Corporate income tax	220,836	174,776	287,308	69,776	138,600	235,564

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As per the settlement agreement signed in 2015, NA&A is entitled to a refund of corporate income tax. As part of the settlement, this refund will be settled against the dividend withholding tax due on the distributed and to be distributed dividends to the shareholder.

NA&A distributed dividends amounting to AWG 600,000 in the financial year 2015, AWG 800,000 in the financial year 2016, and AWG 1,200,000 in the financial year 2017.

The following amounts have been confirmed DIMP by:

	(additional) assessments	Off sets	refund
	AWG	AWG	AWG
2008	72,128	-	72,128
2008	148,708	-	148,708
2009	26,068	-	26,068
2010	90,104	-	90,104
2012	189,257	-116,906	72,351
2013	92,288	-	92,288
Total	<u>618,553</u>	<u>-116,906</u>	<u>501,647</u>

The above however does not include the offsets with the dividend withholding tax requested and the correction of the corporate income tax due to the management fees. Should these offsets take place, the refund would amount to AWG 369,876.

	<u>31-12-2019</u>	<u>31-12-2018</u>
	AWG	AWG
Other liabilities and accrued expenses		
Dividend payable Shareholder	-	273,000
Clearing account Setar N.V.	109,396	121,303
Claims/experts costs payable	-	4,398
Accruals expenses and other payables	33,286	50,017
	<u>142,682</u>	<u>448,718</u>

Notes to the profit and loss account

	<u>2019</u> AWG	<u>2018</u> AWG
14 Net earned premiums		
Premium written motor	7,881,647	8,042,136
Premium written medical	4,049,567	4,239,790
Premium written AD&D	258,702	257,856
Premium written property	17,715	-
Alteration unearned premium motor	89,669	134,911
Alteration unearned premium medical	1,831	52,702
Alteration unearned premium property	(13,798)	-
6% BBO/BAZV/BAVP Motor costs	(164,022)	(77,629)
6% BBO/BAZV/BAVP Medical costs	(261,541)	(135,963)
6% BBO/BAZV/BAVP Property costs	(1,063)	-
	<u>11,858,707</u>	<u>12,513,803</u>

	<u>2019</u> AWG	<u>2018</u> AWG
15 Cost of sales		
Claims incurred	5,246,118	6,559,784
Other direct costs and insurance benefits	(4,878)	(4,426)
	<u>5,241,240</u>	<u>6,555,358</u>

	<u>2019</u> AWG	<u>2018</u> AWG
Claims incurred		
Claims paid motor	3,911,602	3,631,956
Claims paid medical	2,287,071	2,505,584
Alteration claim reserve motor	(1,285,331)	162,932
Alteration claim reserve medical	69,341	96,059
Subrogation claim motor	(200,992)	(301,232)
Road services costs	436,191	436,885
Medical consulting fees	27,600	27,600
Property expertise costs	636	-
	<u>5,246,118</u>	<u>6,559,784</u>

	<u>2019</u> AWG	<u>2018</u> AWG
Other direct costs and insurance benefits		
Net reinsurance premium	231,960	218,681
Administration fees	(69,751)	(65,907)
Deductibles	(165,375)	(157,200)
Other	(1,712)	-
	<u>(4,878)</u>	<u>(4,426)</u>

For Property policies there is a reinsurance contract in place of which we work based on a scheme up to \$ 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 \$ 500 thousand.

	<u>2019</u> AWG	<u>2018</u> AWG
16 Net commissions		
Commission paid motor	(1,431,838)	(1,535,262)
Commission paid medical	(115,019)	(140,162)
Commission paid AD&D	(5,760)	(5,779)
Commission paid property	(2,364)	-
Alteration prepaid commissions motor	(61,105)	(32,779)
Alteration prepaid commissions medical	(1,169)	(7,313)
Alteration prepaid commissions property	1,911	-
	<u>(1,615,344)</u>	<u>(1,721,295)</u>

	<u>2019</u> AWG	<u>2018</u> AWG
17 Personnel expenses		
Wages and salaries	1,772,044	1,425,540
Social security charges and pension costs	310,098	283,011
	<u>2,082,142</u>	<u>1,708,551</u>

	<u>2019</u>	<u>2018</u>
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>

	<u>2019</u> AWG	<u>2018</u> AWG
18 Depreciation of tangible fixed assets		
Depreciation of tangible fixed assets	<u>76,031</u>	<u>125,831</u>

	<u>2019</u> AWG	<u>2018</u> AWG
Depreciation of tangible fixed assets		
Buildings and land	46,907	58,524
Other fixed assets	<u>38,631</u>	<u>67,307</u>
	85,538	125,831
Book profit vehicles	<u>(9,507)</u>	<u>-</u>
	<u>76,031</u>	<u>125,831</u>

	<u>2019</u> AWG	<u>2018</u> AWG
19 Other personnel expenses		
Insurances	21,471	18,197
Allowances	18,200	13,780
Study and training expenses	8,420	4,477
Travel and lodging	437	-
Other staff expenses	<u>58,221</u>	<u>28,214</u>
	<u>106,749</u>	<u>64,668</u>

	<u>2019</u> AWG	<u>2018</u> AWG
20 Housing expenses		
Maintenance buildings	41,923	24,780
Cleaning expenses	13,272	14,929
Gas, water and electricity	42,126	45,704
Insurance premium property	5,305	3,335
Property tax	5,840	3,653
Security	<u>3,292</u>	<u>2,168</u>
	<u>111,758</u>	<u>94,569</u>

	<u>2019</u> AWG	<u>2018</u> AWG
21 Selling expenses		
Advertising expenses	65,797	81,585
Representation expenses	36,953	31,266
Write off doubtful debtor / dotation provision doubtful debts	-	(18,194)
	<u>102,750</u>	<u>94,657</u>
	<u>2019</u> AWG	<u>2018</u> AWG
22 Car expenses		
Car expenses including car insurance	<u>9,080</u>	<u>6,820</u>
	<u>2019</u> AWG	<u>2018</u> AWG
23 Office expenses		
Computer and hardware expenses	227,577	232,525
Office expenses	35,096	31,789
Telephone and fax expenses	39,628	38,327
Rental office equipment	25,181	24,693
Stationary & Printed Forms	6,651	3,880
Postage & Courier	4,268	3,793
	<u>338,401</u>	<u>335,007</u>
	<u>2019</u> AWG	<u>2018</u> AWG
24 General expenses		
Supervisory board / shareholder expenses	117,995	106,900
Legal and advisory fees	62,347	89,533
Contributions	15,662	18,022
Audit and accounting fees	68,519	45,961
Other general expenses	2,445	94,492
	<u>266,968</u>	<u>354,908</u>

	<u>2019</u> AWG	<u>2018</u> AWG
25 Financial income and expense		
Financial income and expense	192,473	224,095
Financial expenses	(31,154)	(29,217)
	<u>161,319</u>	<u>194,878</u>

	<u>2019</u> AWG	<u>2018</u> AWG
Financial income and expense		
Interest of receivables from group company	4,532	6,285
Interest of receivables from shareholders	-	12,500
Interest bank	25,248	30,110
Income from securities of financial fixed assets	162,693	175,200
	<u>192,473</u>	<u>224,095</u>

	<u>2019</u> AWG	<u>2018</u> AWG
Financial expenses		
Paid bank interest	<u>31,154</u>	<u>29,217</u>
	<u>2019</u> AWG	<u>2018</u> AWG

26 Tax expense		
Income tax expense from current financial year	<u>(515,978)</u>	<u>(411,532)</u>

	<u>2019</u> AWG
The taxable amount can be calculated as follows:	
Result before taxation	-
Deduct: investments allowance (6% of AWG 94,187)	2,069,563
Taxable amount	<u>(5,651)</u> <u>2,063,912</u>

Disclosure income tax expense

27 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

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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.

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Other information

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Other information

Provisions of the Articles of Association relating to profit appropriation

Article 21 of the articles of association states the following regarding profit appropriation:

The 2018 financial statements were adopted at the General Meeting held on October 17, 2019. The General Meeting has determined the appropriation of the result in accordance with the proposal made for this purpose.

The result after tax for 2018, after deduction of the addition to the legal reserve and the preference dividend to be paid out, is included in the undivided result of shareholders' equity.

According to the Centrale Bank van Aruba public announcement COVID-19 in March 2020 regarding suspension of the Decree Concerning Foreign Exchange Transaction 2013/K.2 the result will be added to the other reserve.

This proposal has not yet been incorporated in the financial statements.

The company can only make distributions to the shareholders and other persons entitled to the distributable profit insofar as the equity capital exceeds the paid-up and called-up part of the capital plus the reserves that are required by law and the articles of association must be retained.