

Independent auditor's report

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

Our reference: 138517/ A-32634

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Our Opinion

The abbreviated financial statements, which comprise the abbreviated balance sheet as at December 31, 2021, the abbreviated profit and loss account for the year 2021 and notes to the abbreviated financial statements, are derived from the audited financial statements of Netherlands Antilles and Aruba Assurance Company (NA&A) N.V. ('the Company') for the year ended December 31, 2021.

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 1 "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 June 22, 2022. That report also includes:

- An emphasis of matter paragraph that draws attention to page 12 section 'Going concern and assessment of the impact of the Coronavirus (COVID-19) pandemic' of the audited financial statements which includes Management's assessment of the impact of the COVID-19 pandemic in 2021 as well of its impact of the future results, cash flows and financial position of the Company.

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 1 "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*.

Aruba, June 28, 2022
Grant Thornton Aruba

Original signed by Edsel N. Lopez

Management report

Introduction

The expectation was that in 2021 the COVID-19 pandemic would have ended and that we would have returned to normal. This was not the case and we all know the consequences, amongst other a stagnated/shrinking economy. We also felt this internally and saw a shrinkage in our various product portfolios. Collection suddenly became the point of attention and how to deal with this. But on the other hand we also took the opportunity to review and align our internal processes to deal with the challenges in case of a reoccurrence. We started with various digitalization projects with the focus on the possibility of returning to normal in 2022, and improving efficiency at both ends of the business, internal as well as external.

Financials

Comparing the net result against 2020 it is showing a minimal loss mainly caused by a decrease in the earned premium and increase in expenses. The loss of premium is mainly related to the Covid 19 with its origin in 2021 where we had to deal with the shutdown of the economy, and an increase in committed expenses, mainly for the re-alignment of the business. It was not possible to maintain the level of sales of previous years, let stand to achieve an increase in sales.

Outlook

The year 2021 has taught us many lessons. One of them is the path into innovation. Innovation will align the organization for the future to be better prepared to quickly react and absorb these types of shocks. Also it will allow the organization to be future proof and be capable to offer the ease of doing business with us. Digitalizing the internal processes will enable the organization to offer our customers and partners a more rapid and efficient to their way of selling our products and to get quick reactions to their problems and questions providing a superior service experience. Citizens Insurance Aruba would like to be recognized as the innovator amongst its peers.

ANGELINE TROMP-ZIEVINGER | JUNE 2022

Abbreviated balance sheet as at 31 December 2021

(In Aruban florin)

ASSETS	31-12-2021	31-12-2020
FIXED ASSETS		
Tangible fixed assets	582,346	639,382
Intangible fixed assets	33,854	-
Financial fixed assets	3,755,920	3,755,920
CURRENT ASSETS		
Accounts receivables	541,357	834,322
Related party receivable	50,832	69,791
Deferred Tax assets	52,291	-
Other receivables, prepayments and accrued income	1,113,984	1,010,745
Securities	-	1,000,000
Cash at bank and in hand	6,785,146	6,046,890
Total Assets	12,915,730	13,357,050

EQUITY	8,262,419	8,419,291
LIABILITIES		
Technical provisions	4,135,568	3,956,166
Short term liabilities	517,743	981,593
Total liabilities and Shareholder equity	12,915,730	13,357,050

Abbreviated profit and loss account for the year ended 31 December 2021

(In Aruban florin)

PROFIT AND LOSS ACCOUNT	2021	2020
Net earned premiums	9,216,245	11,352,405
Claims incurred	(4,681,108)	(4,757,479)
Reinsurance premium	(227,308)	(252,745)
Net commissions	(1,181,866)	(1,464,979)
Net insurance result	3,125,963	4,877,202
Other income	108,488	-
Personnel expenses	(1,877,520)	(1,802,548)
Depreciation	(94,681)	(87,498)
Amortization	(4,231)	-
Other operating expenses	(1,638,750)	(1,191,704)
Financial income and expense	171,568	187,890
Result before taxation	(209,163)	1,983,342
Taxation	52,291	(453,625)
Net result after taxation	(156,872)	1,529,717

Continued on next page

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES (ASSETS AND LIABILITIES)

The abbreviated financial statements, are derived from the audited financial statements of NA&A N.V. which have been prepared in accordance with accounting principles generally accepted in the Netherlands.

Tangible fixed assets *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.

Intangible assets

Intangible assets are valued at historical cost or production cost including directly attributable costs, less straight line amortization based on the expected future life and impairments.

Receivables

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 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

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

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 recognized as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Shareholder equity

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

Provisions

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

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 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 realized.

Net earned premiums

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

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

Net commissions

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

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

Interest income and expenses are recognized 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 recognized 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

Tax on the result is calculated based on the result before tax in the profit and loss account, taking into account 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.

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