ENNIA Caribe Leven (Aruba) N.V.

Annual Report 2022

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The mural on the front page is a portrait of Sarah-Quita Offringa, Aruba's #1 surfer.

The painting was made by famous artist Mr Dheo from Porto, Portugal. His pieces can be admired in more than 50 cities around the world.

At ENNIA, we collaborate to build a secure and future-proof society. A future where people live safely and happily, travel smartly and without worries, achieve financial well-being, enjoy fulfilling work, and dare to pursue their dreams. We proactively explore the future and work together to develop innovative and sustainable solutions that truly make a difference and have a meaningful impact on society.

Fundamentally insurance is nothing more than an agreement among a group of individuals to support each other in times of crisis. We believe that this mindset is essential in an era of diminishing trust and increasing uncertainty. Extending a helping hand to one another not only provides a source of energy but also offers reassurance on our journey towards the future.

Together, we can achieve more and fully utilize the diverse talents and resources at our disposal.

By combining our collective strength and promoting collaboration, we can make a meaningful difference in the well-being of individuals and organizations in the Dutch Caribbean.

Our goal is to create a society where residents no longer need to worry about the financial risks of life because they can rely on the collective wisdom and support system we have built. When individuals feel secure, they can truly thrive.

Remember, none of us is as smart as all of us.

CONTENT TABLE

ENNIA CARIBE LEVEN (ARUBA) N.V.

STATEMENT FROM THE SUPERVISORY BOARD

The Supervisory Board maintained frequent and intensive contact with the Executive Board and Shareholder during the year. There were complex issues involving large cash flows that had to be addressed expeditiously. Such as investing in real estate and other types of investments as well as monitoring risks and control measures.

The pressure was sometimes high but so was the harmony to address and resolve matters in mutual cooperation. We observed a constructive attitude amongst all parties to find solutions. This has in our view produced the right results.

Realization of strategy
However, attention to the strategy and sustainability must not slacken and this requires an alert and flexible attitude from all parties. We are pleased to report that the Company has updated its corporate strategy during 2022 in cooperation with all stakeholders and we are confident this will support our efforts to achieve sustainable growth and profitability. Furthermore, based on the newly developed strategic objectives the Company commenced a project of realignment and reinforcement of its Risk Management Program, with the support of an external expert in this field. The Supervisory Board has put strong emphasis on the importance of such project.

As a Board, we believe that in 2022 ENNIA dealt proactively with the current challenges and also - with all the uncertainties resulting from the corona-related costs and developments - arrived at careful financial decision-making in areas such as the cost budget, premium setting and solvency development in 2022. In the coming period, the entire Board will continue to pay attention to the organization's ability to implement its updated strategy. This will allow the Company to deal with the post-Corona era challenges.

We will pay special attention to the digitalization that must be implemented in order to continue to serve the clients correctly in the near future.

Johan Sjiem Fat,
Chairman

Anco Ringeling,
Member

Cees Rokx,
Member

Cutout of mural by Sebastian Jiménez, aka SEPC
www.sepc.com.co

OUR SUPERVISORY BOARD

MR. JOHAN SJIEM FAT

Johan was born in Aruba on December 25, 1954.
He was educated in the Netherlands and in the USA. He obtained a law degree (LLM in Dutch Law) from the University of Utrecht in the Netherlands in 1977. In 1977, he was admitted to the Bar in Aruba and the Netherlands Antilles. In 1980 he obtained a Master's of Comparative Law Degree (MCL) from Georgetown University Law Center in Washington DC. He has practiced law in Aruba ever since.
Johan is a former President of the Aruba Bar Association and formed part of the team that drafted the Aruban Constitution when Aruba obtained the status of a separate jurisdiction (status aparte) within the Dutch Kingdom in 1986. He has acted as advisor to the Government of Aruba both with respect to administrative law matters as well as with respect to commercial transactions.

MR. ANCO R.O. RINGELING

Anco was born in Aruba on October 28, 1951.
He received his Master's degree in Social Sciences and his Bachelor of Law degree at the University of Utrecht.
Anco is a former Director of the Department of Social Affairs and former CEO of the Executive Body of the AZV. He is also a former lecturer and interim-rector at the University of Aruba. Nowadays, he provides consultancy services related to healthcare.

MR. CEES F.J.J. ROKX

Cees was born on September 17, 1962 in the Netherlands.
He studied Business Economics at Tilburg University in the Netherlands and received his degree in 1986. He also completed his post-doctoral studies to become a Registered Accountant in 1989.
Cees was a Senior Partner at the professional services firm of PricewaterhouseCoopers until 2016. He worked at PwC in Rotterdam, Toronto, St. Maarten and Curacao for a total period of 31 years. He also serviced a variety of clients in Aruba and Bonaire. Cees is now a member of the Supervisory Boards at Ennia Aruba, Banco di Caribe and Banco di Caribe Aruba.

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OUR NUMBERS

FINANCIAL HIGHLIGHTS 2022

12,5%

INCREASE IN INVESTMENT INCOME

COMPARED TO 2021

0.7%

INCREASE IN GROSS PREMIUM

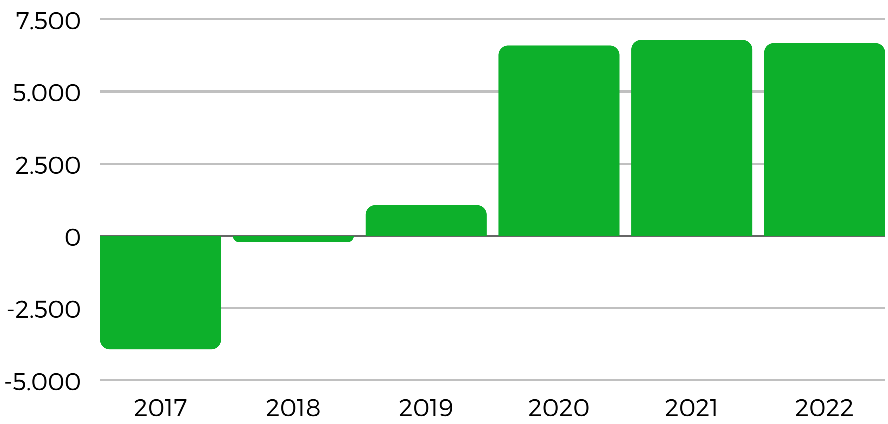
COMPARED TO 2021

4,8%

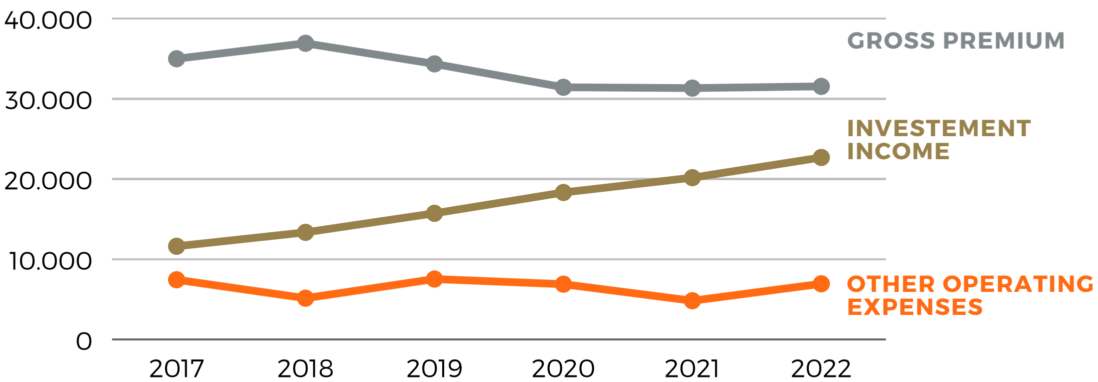
INCREASE IN OPERATING EXPENSE

COMPARED TO 2021

DEVELOPMENT OF PROFIT BEFORE TAXATION
(in thousands AWG)



PREMIUM, INCOME AND COST DEVELOPMENT
(in thousands AWG)



MESSAGE FROM THE BOARD

Even in the aftermath of the Covid crisis, 2022 has remained a turbulent year in the world, characterized by falling stock markets, rising interest rates, high inflation, the war in Ukraine and other geopolitical tensions and societal divisions. It appears that we must adapt to a reality of constant unrest and chaos. Consequently, we have observed a declining trust in governments, large corporations, and other organizations among individuals and society at large. Safeguarding the trust of our customers has always been the cornerstone of our business. In 2022, we have successfully achieved this objective and reflect upon a stable year, both financially and operationally. Just like in previous years, the short-term outlook is exceedingly positive, and our focus remains on addressing challenges to ensure long-term sustainability.

Innovation

Innovation continues to be a core pillar of our strategy. We recognize that a seamless customer experience is vital for upholding the trust of our customers and other stakeholders. By continuously innovating our products and services in a new and relevant form that meets the needs of security, safety, and convenience for our customers, our strategy remains to provide excellent service to our customers and to ensure that ENNIA is perceived as the number one insurer in Aruba.

In the coming years, civic and social responsibility will become increasingly significant. Our community faces numerous challenges, and companies like ENNIA possess the resources to contribute to addressing these issues by leveraging our knowledge, experience, and assets. It is also ENNIA's policy to take on greater social responsibility, with the hope of making a meaningful contribution towards solutions that enhance the quality of life for our community.

Appreciation for Brokers and Employees

We look back with satisfaction on the previous year, knowing that it is the result of collective efforts. In this annual report, we would like to take a moment to acknowledge the work and collaboration with our brokers. We firmly believe in the value they add to customers through their independent advice. The broker distribution channel remains crucial in maintaining a personal touch in customer interactions. As always, our employees are key to our success. The employee satisfaction survey conducted in 2022 indicated their positive sentiment towards ENNIA. We strive to foster a high level of employee well-being, which ultimately translates into satisfied customers. We have taken the feedback we received to heart and have already taken steps towards improvement. We observe that our company culture and mission serve as vital motivators for individuals choosing to work at ENNIA. In our competitive job market, we take pride in our ability to attract the right talent to strengthen our teams.

We approach the future with unwavering confidence. Recent developments, particularly in technology, present immense opportunities to further solidify ENNIA's future and expand our relationship with customers, ensuring they derive even greater value in what we have to offer.

Development of Ennia Caribe Leven (Aruba) N.V.

ENNIA maintained its course again in 2022. Different drivers accounted for this result. Investment income increased with 2,5 mln from 20,2 mln in 2021 to 22,7 mln in 2022. An improvement of 12,5%. The operational costs increased with 2,1 mln in comparison with 2021. The increase in cost was driven by a release of provisions in 2021 of 1,8 mln. In combination with a minor increase in gross premium income of 0,2 mln in 2022 relative to 2021 and a net increase in the change of insurance liabilities and claims and benefits of 0,8 mln, the profit before tax decreased from 6,7 mln to 6,6 mln in 2022.

We want to thank our customers, colleagues, shareholders and supervisory bodies for the trust they have placed in us and will continue to bear this responsibility!

On behalf of the Board of Directors and Shareholders of ENNIA Caribe Leven (Aruba) N.V.

June 26, 2023
Oranjestad, Aruba

Albert Niemeijer	Henry van den Berg
General Managing Director	Managing Director


The managing directors of ENNIA Aruba, mr Albert Niemeijer MSc and mr Henry van den Berg MSc.

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GRANT THORNTON ARUBA

INDEPENDENT AUDITOR'S REPORT

Our ref: 137590/ A-33093

To the Board of Directors, the Supervisory Board
and the Shareholder of
Ennia Caribe Leven (Aruba) N.V.
Aruba

Report on the financial statements included in the annualQ report

In our opinion, the financial statements give a true and fair view of the financial position of Ennia Caribe Leven (Aruba) N.V., Aruba (the Company) as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of comprehensive income for the year ended December 31, 2022;
- the statement of financial position as at December 31, 2022;
- the statement of cash flows for the year ended December 31, 2022;
- the statement of changes in shareholder's equity for the year ended December 31, 2022;
- the notes to the financial statements 2022, 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

The Board of Directors is responsible for the other information. The other information comprises the 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.

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 the Board of Directors and the Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the relevant provisions of Book 2 of the Civil Code applicable for Aruba, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors 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 the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 26, 2023
Grant Thornton Aruba

Original signed by Edsel N. Lopez

FINANCIAL STATEMENTS 2022

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS AWG)

INCOME	NOTES	2022	2021
Gross written life premiums		31,548	31,355
Written premiums ceded to reinsurers		(761)	(855)
Premiums written net of reinsurance	5	**30,787**	**30,480**
Fee and commission income	6	298	302
Net investment income	7	22,691	20,175
TOTAL INCOME		**53,776**	**50,957**
EXPENSES			
Insurance claims and benefits		19,766	19,852
Movement in insurance liabilities		19,414	18,594
Investment result for risk policyholders		(13)	(83)
Insurance claims and benefits	8	**39,167**	**38,363**
Insurance policy acquisition costs	9	**(308)**	**207**
Fees and commissions expenses		1,314	788
Other operating expenses	10	6,954	4,842
TOTAL EXPENSES		**47,127**	**42,200**
PROFIT BEFORE TAXATION		**6,649**	**6,757**
Taxation	11	480	778
Profit for the financial year		**6,169**	**5,979**
OTHER COMPREHENSIVE INCOME			
Change in fair value of available-for-sale securities	22	4	5
Revaluation of owner-occupied properties	12	1,215	-
Deferred tax on revaluation surplus	25	(267)	-
Other movements	22	3	-
Other comprehensive income for the financial period, net of taxation		955	5
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**7,124**	**5,984**
Attributable to:			
The equity holders		**7,124**	**5,984**

FINANCIAL STATEMENTS 2022

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 (IN THOUSANDS AWG)

ASSETS	NOTES	2022	2021
Intangible assets		6	7
Property and equipment	12	7,624	6,531
Investment property	13	5,656	6,219
Financial investments	14	191,499	196,275
Loans and overdrafts to customers	15	261,964	251,124
Reinsurance assets	23	969	1,024
Deferred insurance policy acquisition costs	16	4,375	4,067
Receivables and other financial assets	17	7,878	5,227
Prepayments and accrued income	18	6,754	6,512
Due from related parties	19	5,027	2,084
Cash and cash equivalents	20	85,857	70,227
TOTAL ASSETS		**577,609**	**549,297**
EQUITY			
Share capital	21	26,000	26,000
Fair value reserve	22	1,169	214
Retained earnings		36,633	30,464
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		**63,802**	**56,678**
LIABILITIES			
Insurance liabilities	23	510,090	490,745
Provision for reorganization	24	218	218
Deferred tax liability	25	953	205
Payables and other liabilities	26	2,546	1,451
TOTAL LIABILITIES		**513,807**	**492,619**
TOTAL EQUITY AND LIABILITIES		**577,609**	**549,297**

FINANCIAL STATEMENTS 2022

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS AWG)

	NOTES	2022	2021
Net profit for the year		**6,169**	**5,979**
Adjustments for:			
Amortization on financial instruments	14	546	515
Revaluation of land and buildings	12/13	(652)	-
Fair value gains and losses on financial instruments	14	(5)	(6)
Net interest income on financial instruments	18	(7,916)	(7,933)
Revaluation reserves of financial instruments	22	955	5
Interest income of loans and overdrafts to customers	18	(12,812)	(9,935)
Release of provision on loans and receivables	15	(1,482)	(2,002)
Depreciation	12	206	210
Deferred taxation	25	748	778
Movement in working capital		**(14,243)**	**(12,389)**
Changes in:			
Reinsurance assets	23	55	(14)
Deferred insurance policy acquisition costs	16	(308)	207
Receivables and other financial assets	17	(2,651)	1,239
Prepayments and accrued income	18	(52)	(15)
Receivables due from related parties	19	(2,943)	4,437
Insurance liabilities	23	19,345	18,526
Payables and other liabilities	26	1,095	1,733
Loans and overdrafts to customers	15	(5,241)	7,431
Cash generated from operations		**9,300**	**33,544**
Interest, Dividends and income taxes:			
Interest received	18	20,538	18,786
Net cash generate from operating activities		**15,595**	**39,941**
Cash flows from investing activities:			
Acquisition of property and equipment	12	(83)	9
Acquisition of land and buildings	13	-	(50)
Acquisitions of investment securities	14	2,669	(14,764)
Matured fixed income of investment securities	14	1,566	20,000
Acquisitions of corporate loans	15	(4,117)	(41,232)
Net cash used in investing activities		**35**	**(36,037)**
Cash flows from financing activities			
Repayment of financial liabilities		-	-
Net cash used in financing activities		**-**	**-**
Net increase in cash and cash equivalents		**15,630**	**3,904**
Cash and cash equivalents at beginning of year	20	70,227	66,323
Cash and cash equivalents at end of year	**20**	**85,857**	**70,227**

FINANCIAL STATEMENTS 2022

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS AWG)

	NOTES	ISSUED CAPITAL	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL
At January 1, 2022		**26,000**	**214**	**30,464**	**56,678**
Total comprehensive income for the financial year					
Profit or loss		-	-	6,169	**6,169**
Other comprehensive income					
Change in fair value of available-for-sale securities	**22**	-	4	-	**4**
Revaluation of owner-occupied properties	**12**	-	1,215		**1,215**
Deferred tax on revaluation surplus of owner-occupied propertiy	**25**	-	(267)	-	**(267)**
Other movements	**22**	-	3		**3**
Total other comprehensive income		-	955	-	**955**
Total comprehensive income for the financial year			**955**	**6,169**	**7,124**
At December 31, 2022	**22**	**26,000**	**1,169**	**36,633**	**63,802**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS AWG)

	NOTES	ISSUED CAPITAL	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL
At January 1, 2021		**26,000**	**209**	**24,485**	**50,694**
Total comprehensive income for the financial year					
Profit or loss		-	-	5,979	**5,979**
Other comprehensive income					
Change in fair value of available-for-sale securities	**22**	-	6	-	**6**
Deferred tax on other comprehensive income	**25**	-	(1)	-	**(1)**
Total other comprehensive income		-	5	5,979	**5,984**
Total comprehensive income for the financial year		-	**5**	**5,979**	**5,984**
At December 31, 2021	**22**	**26,000**	**214**	**30,464**	**56,678**

MURALS OF ARUBA

Aruba is famous for its hospitality, beaches and turquoise waters. But beside that some of the most powerful murals in the Caribbean can be found in our hidden gem San Nicolas. This hot spot in the making shows beauty at every corner.

Portrait of local artist Mo Mohamed by Dmitrij Proškin aka ChemiS

www.chemisland.com/na-prodej

Another mural by ChemiS created in 2019

Artist Lina Arias from Colombia combined the colors of the ocean with the images of ethnicities, ornaments and mixtures of race in Aruba.

Rasheed Lowe, aka Mr Lowe, was born in Aruba in 2004. Since 2016, he was only 12 years old at the time, he has presented himself as one of most talented street artists on the island. This is a beautiful portrait of Janiro Eisden.

NOTES TO THE FINANCIAL STATEMENTS 2022

(1) Reporting entity

ENNIA Caribe Leven (Aruba) N.V. ("the Company") is a financial services provider active in the field of insurance in Aruba. The company offers life insurance such as annuity, pension, group life and other life policies. The ultimate parent company is Parman International B.V., Curaçao. The Company was incorporated in June of 2008 as a dormant company and effectively started operations on January 1, 2009 resulting in figures as of January 1, 2009.

The address of its registered office is J.E. Irausquin Blvd 16, Oranjestad, Aruba. Ennia Caribe Holding (Aruba) N.V. is the sole shareholder of the Company.

The financial statements of the Company for the year ended December 31, 2022, were authorized for issuance by the Board of Directors on June 26, 2023.

(2) Summary of significant accounting policies

Basis of Preparation - Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) applicable as at December 31, 2022.

New or Revised Standards and Interpretations

The following standards have become effective from January 1, 2022:

- References to the Conceptual Framework (Amendments to IFRS3)
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9 IFRS 16, IAS 41)

The Board of Directors assessed the impact of these new standards and these amendments do not have significant impact on the financial statement of the Company and therefore the disclosures are not required.

New Standards and Interpretations not yet Adopted

At the date of authorization of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, Amendments or Interpretations have been adopted early by the Company.
Other Standards and amendments that are not yet effective and have not been adopted early by the Company include:

- Amendments to IFRS 17 Insurance Contracts;
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4);
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)
- Deferred Tax Related to Assets and Liabilities arising from a Single Transactions (Amendments IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Board of Directors anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, Amendments and Interpretations not yet adopted that do not have a material impact on the Company financial statement have not been disclosed.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Already effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The Company has been assessing the estimated impact that the initial application of IFRS 17 will have on its financial statements. Based on the initial qualitative assessments undertaken to date, the Company is not able yet to assess the impact. The assessment is still ongoing and all the transition work or quantitative assessments has not yet been finalized.

The Company has commissioned a project team to consider the impact of the new standard and provide training to the Company's personnel. The primary objective of the project team is to comprehensively evaluate the impact of IFRS 17 in the following areas:

- *Data requirements*
  This new standard required a higher level of granularity in cash flow and other data to appropriately measure insurance contracts and make the necessary disclosure for reporting purposes.
- *Systems and process*
  This new standard might require new systems, and or functionality of existing systems need to be expanded for the appropriate calculations.
- *Determining the appropriate accounting policies and formulating disclosures*
  There are many accounting policies options and many ways in which a required policy or disclosure can be formulated.
- *Determining the changes to financial reporting processes*
  This new standard might require new format of balance sheet and profit & loss statement; and new chart of accounts.

IFRS 17 Insurance Contracts is expected to have a material impact on the Company's financial statements, as it introduces many new measurements. The Company doesn't have the financial insight of these changes as of yet; but expects these new measures to bring impactful changes in the following main areas:

- **Insurance premiums**

IFRS 17 requires to group insurance contracts together that have similar risk and profitability profiles and are managed together. The contracts should be aggregated to a minimum of:

- insurance contracts that are onerous at initial recognition; if any
- insurance contracts that have no significant possibility of becoming onerous at initial recognition if any; and
- group of the remaining contracts in the portfolio, if any.

- **Insurance liabilities**

IFRS 17 introduced a fundamental concept; the contractual service margin (CSM). The CSM is a component of the assets or liability for a group of insurance contracts that represent the unearned profit that is expected to be earned. The CSM is to be determined on initial recognition of a group of insurance contracts as follows:
  - expected profits must not be recognized on the first day of the contract but captured within the CSM and to be released as the service is provided over the life of the contract; this is applicable for profitable contracts.
  - expected losses must not be deferred in a negative CSM, but recognized in full on first day of the contract; this is applicable for onerous contracts.

Other important aspects for the measurement of insurance liability to consider with the changes of IFRS 17 are; the best estimate future cash flows, discounting and risk adjustment.

- **Insurance expenses**

IFRS 17 requires all cashflows, including operating expenses and overhead expenses, to be directly attributed to the acquisition and management of the insurance contracts; where these expenses will be reallocated:
  - directly to the insurance service expenses; or
  - initially as a reduction in the insurance contract liability; where they are then amortized over the contract duration.

- **Reinsurance**

IFRS 17 requires reinsurance portfolios to be valued separately and the contracts should apply a modified version of the general model to reflect the characteristic of a held reinsurance contract. The CSM will reflect the expected net cost or net gain rather than the unearned profit. And if certain assumptions used for measurement are met, a loss recovery component can be offset a portion of the losses recognized on the underlying insurance contracts.

The above - mentioned changes will probably also have a consequential change on other items of the financial statement that are dependent on IFRS accounting values.

It is expected that IFRS 17, will have a significant impact on the result of the Company and on the shareholder's equity. Despite all these changes; the Company does not expect IFRS 17 to impact the cash flow generated by the business itself.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instrument. IFRS 9 covers three essential aspects of the accounting for financial instruments; classification and measurement, impairment and hedging. As of 1 January 2023, IFRS 4 has been replaced by IFRS 17 and the exemption to apply IFRS 9 can no longer be used.

Classification and measurement

IFRS 9 requires an assessment to determine the classification of the financial instruments at amortized costs or fair value and if the fluctuations of the values, being gains or losses are included directly in the profit or loss or other comprehensive income.

The Company assessed the value of classes of financial assets at the end of the reporting period as well as the change in fair value and the following two types are relevant:
(i) Equity instruments; which is evaluated directly on a fair value basis.
(ii) Debt instruments; which is evaluated on the business model test and if the contractual cash flows represent solely payments of principal and interest on outstanding principal amount (SPPI).

Classification of financial assets as of December 31, 2022:

Financial Assets	Equity instruments (FVOCI)	Equity instruments (FVTPL)	Debt-intrusments (AC)	Debt-intrusments (FVOCI)	Debt-intrusments (FVTPL)	Total
Cash and cash equivalents	-	-	85,857	-	-	**85,857**
Amounts due from related parties	-	-	5,027	-	-	**5,027**
Receivables and other financial assets	-	-	7,878	-	-	**7,878**
Loans at amortized costs (including accrued interest)	-	-	263,448	-	-	**263,448**
Financial investments (including accrued interest)	-	2,365	189,134	-	-	**189,134**
Total Financial Assets	**-**	**2,365**	**551,344**	**-**	**-**	**551,344**

The Company, based on the current financial asset's classification, doesn't expect that there will be an impactful change when IFRS 17 is implemented. The Company doesn't hold financial assets for the purpose of selling and has not done so in the past. For amortized assets, the fluctuations in valuation will not affect the accounting value with no impact on the P&L and OCI.

Impairment

Under IFRS 9 the impairment model has changed and is based on expected credit losses instead of realized losses in the past. All financial assets with the scope of this new model will generally carry a loss allowance; and might even be applicable for assets which have not yet experienced losses.

The current portfolio has been assessed at the end of the reporting period and the Company doesn't expect that (high) impairment losses will be required in the future. As for this reporting period there was no impairment losses.

The two assessments on classification and impairment are based on the information available for this reporting period and may be subject to change to the Company in the future.

The Company applied for this reporting period the temporary exemption from IFRS 9 Financial Instruments and applied IAS 39; and deferred the application of IFRS 9 and it will be considered as part of the project for the adoption of IFRS 17 Insurance Contracts.

Accounting policies

The principal accounting policies adopted by the Board of Directors are detailed below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been consistently applied, except when indicated otherwise.

A) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Investment property is measured at fair value;
- Insurance liabilities are actuarially calculated; and
- Property and equipment are measured at the market value at revaluation date minus accumulated depreciation.

B) Use of estimates

The preparation of financial statements in conformity with IFRS requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in the statement of financial position and statement of comprehensive income. These judgements, estimates and assumptions are based on the Board of Directors best knowledge of current facts, circumstances and to some extent, future events and actions, actual results ultimately may differ, possibly significantly from those estimates.

Estimates and underlying assumptions are reviewed at the end of each reporting period. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in critical accounting estimates and judgements in applying accounting policies in note 3.

C) Basis of presentation

IAS 1, Presentation of financial statements, requires a distinction between current and non-current items for all assets and liabilities in the balance sheet of the Company. Such a distinction is not appropriate for insurance companies, where close control over liquidity, asset and liability matching, and highly regulated capital and solvency positions are considered more relevant. The presentation applied by the Company is based on liquidity (refer to liquidity table on page 25).

D) Functional and presentation currency

The financial statements are presented in Aruban Florins (AWG), which is the Company's functional currency. All values are rounded to the nearest thousands, except when indicated otherwise.

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E) Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Life Insurance

Life insurance business provisions are calculated separately for each life operation, based on local regulatory requirements and actuarial principles consistent with those applied in Aruba.

The life insurance provision is calculated according to the principles on which the premiums have been based, primarily on a prospective basis and the interest as used in the premium. The provision also includes a provision for future costs of processing benefits, the provision for unearned premiums and unexpired risks as well as the provision for claims outstanding, all as far as related to the life insurance business.

Provisions with investments for risk of policyholders

This provision is valued on the same basis as the related investments for account and risk of policyholders.

Liability adequacy test for life insurance business

IFRS 4 requires a liability adequacy test to be conducted at year-end so that future losses do not remain unrecognized. The liability adequacy test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees. If the liability adequacy test shows that the liability is inadequate, the entire deficiency is recognized in the statement of comprehensive income. If the deficit decreases in the next reporting period, this addition will be reversed from insurance liabilities through profit and loss (via technical claims and benefits).

Reinsurance

Reinsurance assets primarily include balances due from reinsurance companies on ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions associated with the reinsured policies and in accordance with the relevant reinsurance contract. The Company only contracts reinsurance protection with reinsurance companies that are good rated (minimum A-) in the global reinsurance market.

Deferred insurance policy acquisition costs

The costs directly attributable to the acquisition of new business for insurance contracts are deferred to the extent that they are expected to be recoverable out of future margins on revenues on these contracts. Life insurance business deferred acquisition costs are amortized systematically over a period no longer than the period in which they are expected to be recovered out of these margins. Changes in the expected useful life or the extend pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in accounting estimate.

The reinsurers' share of deferred acquisition costs is amortized consistent with the underlying asset. Deferred acquisition costs are reviewed by category of business at the end of each reporting period and are written off where they are no longer considered to be recoverable.

F) Financial instruments

The Company classifies its financial assets in the following categories: financial investments at fair value through profit or loss; available-for-sale financial investments; held-to-maturity investments and loans and overdrafts to customers.

Recognition

The Company initially recognizes all financial instruments on the trade date, on which the Company becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument; which then determines the subsequent measurement of the financial instrument.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or when these expire.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss (FVTPL) are reported at fair value with changes in fair value recognized in the income statement.

Available-for-sale

Available-for-sale (AFS) investments are non-derivative investments that are intended to be held for an indefinite period of time. Available-for-sale investments are initially recognized at fair value plus transaction cost, with fair value changes recognized directly in comprehensive income, until the investment is derecognized or impaired, whereupon the cumulative gains or losses previously recognized in comprehensive income are recognized in the income statement for the period.

Unquoted equity securities whose fair value cannot be reliably measured are carried at cost less impairment, if applicable. The current value is deemed to approximate fair value.

Held-to-maturity

Held-to-maturity (HTM) investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using the effective interest method. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables (L&R) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale.

Loans and receivables are initially measured at fair value plus incremental transaction costs and are subsequently measured at amortized cost using the effective interest rate method, net of an allowance for impairment.

Financial liabilities

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an at arm's length basis.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measuring using quoted process (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Impairment of financial assets at fair value

The Company reviews the carrying value of its investments on a regular basis. If the carrying value of an investment is greater than the recoverable amount for a significant amount or a prolonged period, the carrying value is reduced through a charge to the income statement in the period of decline. Impairment losses recognized in the income statement for an investment in an equity instrument classified as AFS shall not be reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the recognition of the impairment loss, then the impairment is reversed through the income statement. Financial assets carried at fair value with changes in the fair value recognized in the profit or loss is not subject to impairment testing. The fair value of these assets already reflects possible impairments.

Impairment of other financial assets

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

The Company considers evidence of impairment for loans to customers at both a specific asset and collective level. All individually significant loans to customers are assessed for specific impairment. The individually significant loans to customers found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans to customers that are not individually significant are collectively assessed for impairment by grouping loans and overdrafts to customers with similar risk characteristics.

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

When all the necessary legal procedures have been completed, the loan is determined to be uncollectible and the final loss has been determined, then the loan is written off against the allowance for impairment. Subsequent recoveries are credited in profit or loss.

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates at the dates that the values were determined.

G) Property and equipment

Owner-occupied property

Owner-occupied property (including property that is being constructed or developed for future use as investment property) is measured on initial recognition at cost. Following initial recognition at cost, owner-occupied property (land and buildings) is carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and subsequent accumulated impairment losses. A revaluation reserve is established in shareholder's equity when there's an increase in the carrying amount arising from the revaluation being the difference between the book value and the revalued amounts at the moment of revaluation. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. A deferred tax liability is created for the differences between the carrying value of the assets and the tax base. Land is not depreciated. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Equipment

All items classified as equipment within the statement of financial position are measured on initial recognition at cost. The historical cost includes capitalized borrowing costs. Following initial recognition, equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses.

All items classified as property & equipment within the statement of financial position are amortized using a straight-line method over their residual values of their estimated useful lives.

Classification	Useful lives	Residual values
Land	No depreciation	No depreciation
Buildings	40 years	10%
Leasehold improvements	4 – 10 years	0% - 25%
Transportation means	5 – 10 years	0% - 20%
Computer equipment	3 – 10 years	0% - 33%
Furniture, fixtures	5 – 10 years	0% - 20%

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating result.

H) Investment property

Investment property is measured on initial recognition at cost. Following initial recognition at cost, investment property is carried at fair value, which reflects market conditions at year-end. Valuations are performed frequently enough to ensure that the fair value does not differ materially from its carrying amount. A gain or loss arising from a change in the fair value of investment property shall be recognized in the income statement for the period in which it arises. Costs for the repairs and maintenance are recognized in the income statement as incurred. Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining operating result.

I) Impairment of non-financial assets

Non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is higher of an asset's net selling price and value in use.

J) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and short-term highly liquid investments with maturities of three months or less when purchased.

K) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the year-end.

L) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end, and any adjustments to tax payable in respect of previous years (e.g. tax carry-forwards).

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

M) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Insurance premiums

Premiums on life insurance contracts are recognized as income when receivable, except for investment-linked premiums, which are accounted for when the corresponding liabilities are recognized. For single premium business, this is the date from which the policy is effective. For regular premium contracts, receivables are taken at the date when payments are due. Premiums are shown before deduction of commission and before any sales-based taxes or duties. When policies lapse due to non-receipt of premiums, all the related premium income accrued but not received from the date they are deemed to have lapsed is debited to premiums

Investment income

Investment income includes interest on financial investments and realized and unrealized result from fair value changes related to financial assets at fair value through profit or loss, realized results on available-for-sale securities, and rental income from investment property.

Interest income is recognized as it accrues. Interest income arising on debt securities and deposits is recognized as it accrues, taking into account the effective yield on the investment. It includes the interest rate differential on forward foreign exchange contracts.

Fee and commission income

Fee and commission income, including account servicing fees, transaction fees, investment management fees, insurance brokerage fees, trade financing fees, placement fees and syndication fees, are recognized when the policy has been agreed contractually by the insured and the provider, and the provider has a present right to payment from the insured. Fee and commission income for the life insurance policies sold to those entering a personal loan agreement are fully due at the start of the loan.

N) Fee and commission expense

Fee and commission expense relate mainly to transaction and services fees, which are expenses as the services are received.

O) Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing, and financing activities. In the net cash flow from operating activities, the result before tax is adjusted for those items in the profit and loss account, and changes in the balance sheet items, which do not result in actual cash flow during the year. Cash flows arising from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.

P) Comparatives

Items, elements and notes of the comparatives financial statements have been re-displayed, regrouped and reclassified to meet with the applied accounting policies for the current period, which have been prepared according to the International Financial Reporting Standards (IFRS). Certain comparative amounts have been reclassified to conform to the current year's presentation.

(3) Critical accounting estimates and judgements in applying accounting policies

The principal accounting policies adopted by the Company are set out in note 2. In the application of these accounting policies, Board of Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed at the end of each reporting period. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key critical judgments and estimates that The Board of Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements.

Insurance liabilities
Judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. At each reporting date liability adequacy tests are performed to ensure the adequacy of the liabilities. Any deficiency is recognized in the Income Statement. Further details are set out in note 23 to the Financial Statements.

Property and equipment
Property held for own use in the supply of services or for administrative purposes is included in the Statement of Financial Position at revalued amount. Property valuations are affected by general economic and market conditions. The carrying value of property held for own use is determined by valuations conducted by independent professional appraisers. The Board of Directors applies judgement where valuations are dependent on unobservable inputs. A decrease in the valuation of the property is charged as an expense to the Income Statement to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to previous revaluation of that asset. Further details are set out in note 12. Properties are held at revalued amount less any subsequent depreciation in line with the accounting standard.

Depreciation is provided in respect of all property and equipment and is calculated to write off the cost or valuation of the assets over their expected useful lives. The useful life of property is estimated to be 40 years; and the useful life of equipment is estimated to be three-to-ten-year dependent on the asset. Depreciation on assets in development commences when the assets are ready for their intended use.

Investment property
Investment property, which is property held to earn rentals and/or for capital appreciation, is recognized initially at cost and stated in the Statement of Financial Position at fair value. The fair value of investment property is determined by valuations conducted by qualified independent professional appraisers, and the Board of Directors judgement where valuations are dependent on unobservable inputs. Gains or losses arising from changes in the fair value are included in the Income Statement for the period in which they arise. Further details are set out in note 13.

Valuation of financial instruments
As described in note 14, the Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 14 provides information about the key assumptions used in the determination of the fair value of financial instruments.

The Board of Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Uncertain tax positions
Uncertain tax positions are measured to the extent that the likelihood of the resulting tax impact. Probable amounts are included within the tax line in the Income Statement, and the liability would be included within the tax liability on the Statement of Financial Position. Where uncertain tax position is deemed to not be probable they are disclosed in the notes to the Financial Statements. Further details are set out in note 25.

Provision for Reorganization
Provision for reorganization are recognized only if a detailed formal plan for the reorganization exists and the Board of Directors has either communicated the plan's main features to those affected or started implementation. The employees were offered early retirement based on a calculation of the purchase price of their finance rights. The calculation was separated based on employees who are 60 years old and employees who are older than 60 years. The purchased rights relate to the difference between the insured rights and the premium-free rights in accordance with the pension tables.

(4) Insurance and financial risk management

Risk management framework
The primary objective of the Company's risk financial framework is to protect and increase shareholder's value, maintain the financial strength, improve the quality of the Company's decision making and safeguard the Company's reputation. It serves to protect the Company's shareholder from triggering events that hamper the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The Company's Board of Directors recognizes the critical importance of having efficient and effective risk management systems in place.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The purpose of the established Risk Committee has been described in Risk Charters for the operating company. The Risk Committee meets once every quarter. The Risk Committee consists of representatives of both Supervisory Board, Board of Directors and Risk Management.

The Company's risk management policies are established and updated on a regular basis with the aim to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company's Board of Directors is accountable for implementing and executing the Risk Management process, where necessary supported by the risk manager. Implementing the process involves setting the scope, the objectives, deciding on the used methodology and tools. Executing the process involves carrying out the risk assessment, capturing and reporting risk information and monitoring and reporting on the progress of risk mitigation. For the purpose of governance and compliance, Risk Management activities are traceable.

This section provides details of the Company's exposure to risk and describes the methods used by the Board of Directors to control risk. The most important types of risk to which the Company is exposed are:

- Insurance risk
- Credit risk
- Compliance risk
- Liquidity risk
- Market risk
    - -Currency risk
    - -Interest rate risk
    - -Equity price risk
- Operational risk
- Capital Risk
- Solvency

i) Insurance risk

Life insurance risks
The insurance portfolio has a moderate risk profile. The life portfolio contains insurance policies with both short-life risk and longevity risk.

Content of the life insurance portfolio
The life insurance portfolio contains individual and group insurance policies. Individual insurance policies are sold as policies with cash benefits (traditional policies). The individual life insurance portfolio primarily focuses on capital insurance policies. The Company insurance portfolio consists of traditional defined benefit products in which the insurer guarantees a certain payment stream after retirement. Furthermore, the majority of the group insurance products can be classified as Defined Contribution (DC) products in which the policyholder accumulates a monetary amount which can be compared with a savings account. When the policyholder reaches his pensionable age, this monetary amount is exchanged for an annuity.

Insurance risks for the life insurance portfolio
A life insurance policy entitles the policyholder to death benefits and/or a benefit payable on the maturity date of the policy. The most distinctive risk with respect to life insurance policies is uncertainty with respect to mortality rates. This uncertainty affects the duration and timing of the payment of the insured cash flows: mortality risk reflects the risk that policyholders decease earlier than expected and hence death benefits are paid earlier than expected Longevity risk on the other hand, reflects the risk that policyholders live longer than expected and hence outlive their entitlements (e.g. annuity product) The financial impact of the difference between the calculated timing of mortality and the realized mortality can be substantial, particularly with longevity risk, as this risk is still hard to reinsure.

The Company periodically reviews the level of longevity and mortality risk that is inherent in its portfolios. For an adequate assessment of these effects, the Company monitors the profit and loss development in time of its mortality assumptions for the entire portfolio. The liability adequacy test largely depends on the movements of the risk-free interest rate curve. Therefore, the life insurance liability adequacy test by itself does not function as an adequate basis to assess longevity and mortality risk compensation. Instead this is performed in a quarterly technical analysis. Furthermore, a comparison of the current present value of surpluses and deficits does not imply a guarantee that there will be no future deficits. Other insurance risks that affect the life insurance portfolio are the risk of disability (the policyholder becomes incapacitated for work) and risks associated with policyholders' behaviour, such as early surrender (the policyholder terminates the policy before the maturity date), the conversion to a non-contributory status (the policyholder terminates the regular premium payment before the maturity date), and spouse rates (e.g. when more policyholders turn out to have spouses, this increases the future benefit stream).

Life insurance portfolio - Investment risk and interest rate guarantees
For most traditional insurance contracts, the policyholder pays regular premiums and/or a single premium. For defined benefit policies, the insurer bears the investment risk of its commitments to policyholders. When a benefit or annuity payment is due, the insurer pays the policyholder a predetermined nominal amount. For defined contribution in group policies, the insurer bears the investment risk for the period the contract is signed. When the contract expires the insurer can change the interest rate that is used to increase the capital over time.

Managing insurance risks in the life insurance portfolio
Risks are managed by means of risk policy, by understanding the factors involved and by review. Developments in the insurance risks of mortality are investigated periodically and developments in early surrender biannually. The results of this investigation are used for pricing life insurance contracts and for the valuation of the insurance portfolio. Risk diversification in the composition of the life insurance portfolio is another goal. Furthermore, an active reinsurance policy is pursued.

To gain insight into the sensitivity of the insurance portfolio resulting from changes in parameters used in calculating the technical provisions, the effects of changes in mortality were investigated. Hereby the changes in the parameters for the entire life portfolio were calculated. The solvency sensitivity to changes in the insurance technical parameters is mostly stable.

Reinsurance policy
The Company manages the risks through its reinsurance program which purpose is to adequately address the need to reduce profit volatility over time and to protect the capital of the company. The company has a program that covers the risk for disability, mortality and natural catastrophes where disability and or mortality are involved. The purpose of reinsurance is considered a continuous trade off between risk, reward and long-term business continuity. The Board of Directors indicates boundaries concerning risk and evaluates compliance of the proposed program with relevant rules and regulations.

Liability adequacy life insurance provisions
At the end of each reporting period the Company assesses whether it's recognized insurance liabilities are adequate using current estimates (mortality, interest and cost) of future cash flow, under its insurance contracts. The matching includes both interest matching and duration matching. Most of the relevant and contractual cash flows are modeled. According to IFRS 4 Insurance Contracts, Phase I, all related deferred acquisition costs and other intangible assets (initial discount rebates) are taken into account.

ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.
The Supervisory Board has delegated responsibility for the oversight of credit risk to its Credit Committees. Their responsibilities include the following:

- Formulating credit policies covering collateral requirements, credit assessments, risk grading and reporting, documentary and legal proceedings, and compliance with regulatory requirements.
- Establishing the delegated limits of authority for the approval and renewal of credit facilities. Authorization limits are granted to business unit managers and the credit committee. Larger facilities require approval of the Supervisory Board.
- Reviewing compliance of business units with agreed exposure limits.
- Reviewing and assessing portfolio quality and the business unit's compliance with the policies and procedures concerning periodic credit file reviews.

Receivables for which objective evidence indicates that the Company will not be able to collect all amounts due according to the original contractual loan terms are impaired as described in the significant accounting policies (refer to Note 17 receivables and other financial assets). Past due but not impaired loans and investment debt securities are those for which contractual interest or principal payments are past due, but the company believes that impairment is not appropriate on the basis of the level of security/collateral available or the stage of collection of amounts owed to the Company.

It is the Company's policy to invest in local reliable borrowers and local investments and to invest in foreign fixed income securities that are labeled as investment grade securities. In general, the Company will evaluate if the borrowers are compliant with the credit guidelines.

The Company holds collateral against loans and advances to customers in the form of mortgages interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

To manage the level of credit risk, the Company deals with counterparties of good credit standing and the Board of Directors carries out periodically assessments over the liquidity of these institutions.

iii) Compliance risk

Compliance risk is defined as the risk of impairment of the Company's integrity, which could lead to damaging the Company's reputation, legal or regulatory sanctions, or financial loss, as a result of failure (or perceived failure) to comply with applicable laws, regulations and standards.

To support the Board of Directors of the Company in establishing an adequate Compliance framework, the Company has appointed a Senior Compliance Officer, who reports directly to the CEO of the Company and the Supervisory Board of the Company. The Senior Compliance Officer is functionally responsible for the Compliance Officers and Money Laundering Reporting Officers of the Company.

Quarterly the most material Compliance issues related to the compliance with regulations and specific applicable law are reported to the Board of Directors and the Supervisory Board.

iv) Liquidity risk

Liquidity risk arises in the general funding of the Company activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Company has access to a diverse funding base. Funds are raised using a broad range of instruments including premiums paid, deposits, subordinated liabilities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the Company's strategy.

Cash flow is monitored weekly through cash summary reports. In order to evaluate excess funds availability, the Company considers large recurring commitments, such as reinsurance, and claims/expenditure patterns as well as expected large expenditures. These are then weighted against cash inflow.

In accordance with IFRS 7 the following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment.

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www.sepc.com.co

	Notes	Less than one month	Between one and three months	Between three months and one year	Between one and three years	More than three years	Total
(In thousands Awg)							
December 31, 2022							
Financial assets							
Cash & cash equivalents	20	76,757	9,100	-	-	-	85,857
Receivables and other financial assets	17	2,753	3,318	1,807	-	-	7,878
Amounts due from related parties	19	-	-	-	5,027	-	5,027
Financial instruments	14	-	80,251	-	15,147	96,101	191,499
Loans and overdrafts to customers	15	-	-	(870)	7,306	255,528	261,964
		79,510	**92,669**	**937**	**27,480**	**351,629**	**552,225**
Financial liabilities							
Payables and other financial liabilities	26	972	1	1,791	-	-	2,764
Insurance liabilities	23	5,420	3,835	20,464	67,321	413,050	510,090
		6,392	**3,836**	**22,255**	**67,321**	**413,050**	**512,854**
		73,118	**88,833**	**(21,318)**	**(39,841)**	**(61,421)**	**39,371**

	Notes	Less than one month	Between one and three months	Between three months and one year	Between one and three years	More than three years	Total
(In thousands Awg)							
December 31, 2021							
Financial assets							
Cash & cash equivalents	20	51,227	19,000	-	-	-	70,227
Receivables and other financial assets	17	3,491	6,195	(4,459)	-	-	5,227
Amounts due from related parties	19	-	-	-	-	2,084	2,084
Financial instruments	14	-	-	10,566	85,523	100,185	196,275
Loans and overdrafts to customers	15	241	165	531	1,743	248,444	251,124
		54,959	**25,360**	**6,638**	**87,266**	**350,713**	**524,937**
Financial liabilities							
Payables and other financial liabilities	26	252	872	545	-	-	1,669
Insurance liabilities	23	1,918	2,212	19,725	66,485	400,405	490,745
		2,170	**3,084**	**20,270**	**66,485**	**400,405**	**492,415**
		52,789	**22,276**	**(13,632)**	**(20,781)**	**(49,692)**	**32,522**

v) Market risk

Market risk is the risk that changes in market prices, such as interest rates; foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk includes currency risk, interest rate risk, and equity price risk.

Market risks are evaluated on an ongoing basis at the Executive and Board levels through discussions and review of market developments and trends. The investment portfolio consists of investments in Curacao and the Caribbean. The balance sheet item that is exposed for market risk is the loans and overdrafts to customers (note 15).

Currency risk
The foreign currencies in which investments are made are limited to US Dollars and Antillean guilders. The Antillean Guilder is pegged to the US Dollar. Therefore, there is no currency risk exposure related to the US Dollar. The foreign currency positions are monitored daily.

Interest rate risk
The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

Sensitivity analysis – interest rate risk
The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various standard interest rate scenarios. These scenarios include a 100 and a 50 basis points (bp) fall of interest rates locally combined with a reduction of the interest rate on the overnight deposits to nil; and a 100 and a 50 bp rise of interest rates locally combined with a similar rise of the interest rate on the overnight deposits.

An analysis of the Company's sensitivity to a change in market interest rates in respect of interest-bearing financial assets and liabilities held on Statement of Financial Position, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

	2022	2021
50 bp increase	1	1
50 bp decrease	(1)	(1)
100 bp increase	2	2
100 bp decrease	(2)	(2)

Equity price risk
Equity price risk is subject to regular monitoring by the Company. The Company's position as of year-end in actively traded marketable securities comprises 0,4% (2021: 0,06%) of the Company's total assets. Price fluctuations will likely not influence the overall results and financial position of the Company.

Sensitivity analysis – equity price risk
The management of equity price risk involves monitoring of the sensitivity of the Company's position in listed marketable equity securities to a 10% increase and 10% decrease in the fair values per year end. Based on this scenario the respective changes in equity prices would impact the Company's Equity and Total comprehensive income for the year (on a before tax basis) as follows:

	2022	2021
10% increase	237	32
10% decrease	(237)	(32)

vi) Operational risks

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate governance. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessments of the operational risks faced, and the adequacy of controls and procedures to assess the risks identified.
- Development of contingency plans.
- Training and professional development of staff.
- Ethical and business standards.

A program of periodic reviews undertaken by Internal Audit supports compliance with procedures. The results of Internal Audit reviews are discussed with the manager of the business unit/department to which they relate, with summaries submitted to the Audit Committee and the Board of Directors.

vii) Capital management

The Company's objectives when managing capital are:
1. To comply with the insurance capital requirements of the local regulatory agency(ies) and/or Central Bank of Aruba. Capital adequacy for the Company is therefore governed by the Central Bank of Aruba.
2. To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders.
3. To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

Solvency requirement margin for insurance company
During 2014 the Central Bank of Aruba ("CBA") has issued new guidelines applicable to life insurers with respect to the minimum solvency requirement and this is laid down in article 14 of the "Landsverordening Toezicht Verzekeringsbedrijf Aruba". The minimum required solvency margin for Life insurance is 8% of the technical provision of previous year, regardless of reinsurance. At year end the Company is compliant with the solvency requirements.

The following table presents the calculation of the solvency as follows:

	2022	2021
Available solvency margin	63,897	56,678
Technical provision	490,745	472,220
Minimum solvency margin 8%	39,260	37,778
Solvency Ratio	**163%**	**150%**

(5) Insurance premium revenue

The following table present details of net insurance premium revenue for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Gross written premiums	31,548	31,335
Gross insurance premium revenue	**31,548**	**31,335**
Written premiums ceded to reinsurers	(761)	(855)
Ceded earned premiums	**(761)**	**(855)**
Net insurance premium revenue	**30,787**	**30,480**

(6) Fee and commission income

The following table presents details of fee and commission income for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Fee and commission income	298	302
Total fee and commission income	**298**	**302**

(7) Net investment and other income

The following table presents details of net investment income for the years ended December 31, 2022 and December 31, 2021.

Investment income

	2022	2021
Actual return		
Investment interest income	22,373	19,756
Investment property	157	157
Dividend income	2	1
Net investment income	**22,532**	**19,914**
By classification		
Cash and deposits with banks	1,098	1,395
Investments available-for-sale	2	1
Investment property	157	157
Investment at amortized cost	21,275	18,361
Net investment income	**22,532**	**19,914**
Other interest income	159	261
Total investment and other income	**22,691**	**20,175**

Of the interest income from cash and deposits with banks, AWG 0,5 million (2021: AWG 0,7 million) concerns related parties.

(8) Insurance claims and benefits incurred

The following table presents details of insurance claims and benefits incurred for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Claims paid	19,766	19,852
Movement in insurance liabilities	19,345	18,526
Other	124	54
Gross insurance claims and benefits incurred	**39,235**	**38,432**
Movement in reinsurance assets	(55)	14
Ceded insurance claims and benefits incurred	**(55)**	**14**
Net insurance claims and benefits incurred	**39,180**	**38,446**
Investment result for risk of policy holders	(13)	(83)
Insurance claims and benefits incurred	**39,167**	**38,363**

(9) Insurance policy acquisition costs

The following table presents details of life insurance acquisition costs for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Amortization deferred acquisition costs	892	852
Policy acquisition costs deferred	(1,200)	(645)
Total acquisition costs	**(308)**	**207**

Please refer to note 16 for the deferred insurance policy acquisition costs.

(10) Other operating expenses

The following table presents details of other expenses for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Staff expenses	3,488	3,343
General & administrative expenses	3,029	2,797
Amortization & depreciation expenses	206	209
Other expenses	231	289
	6,954	**6,638**
Allowance for doubtful accounts	-	(1,796)
Total provisions	**-**	**(1,796)**
Total other operating expenses	**6,954**	**4,842**

The other expenses include an amount of Awg 0,6 million (2021: nil) related to revaluation loss of the investment property (note 13).

The following table presents details of the expenses of the staff employed by the Company for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Staff expenses		
Salaries	2,522	2,483
Pension expenses	251	229
Social security expenses	523	503
Other	192	128
Total staff expenses	**3,488**	**3,343**

(11) Taxation

The following table presents details of the deferred tax expenses by the Company for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Deferred tax		
Related to origination and reversal of temporary differences	185	(138)
Related to carried forward losses	388	916
Deferred tax expense	**573**	**778**
Adjustment on tax rate percentage	(93)	-
Total deferred tax expenses	**480**	**778**

As of January 1, 2023, the corporate income tax rate is reduced from 25% to 22%.

The taxation is further explained in note 25.

(12) Property and equipment

The following table presents details of property and equipment for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Land and buildings		
Cost at January 1	8,032	8,032
Additions	86	-
Cost at December 31	**8,118**	**8,032**
Accumulated depreciation at January 1	(1,520)	(1,315)
Depreciation charge for the year	(202)	(205)
Accumulated depreciation at December 31	**(1,722)**	**(1,520)**
	6,396	**6,512**
Revaluations	1,215	-
Carrying amount at December 31	**7,611**	**6,512**
Furniture and Fixtures		
Cost at January 1	1,009	1,006
Additions	10	3
Cost at December 31	**1,019**	**1,009**
Accumulated depreciation at January 1	(1,003)	(1,001)
Depreciation charge for the year	(3)	(2)
Accumulated depreciation at December 31	**(1,006)**	**(1,003)**
Carrying amount at December 31	**13**	**6**
Furniture and Fixtures		
Cost at January 1	1,009	1,006
Additions	10	3
Cost at December 31	**1,019**	**1,009**
Accumulated depreciation at January 1	(1,003)	(1,001)
Depreciation charge for the year	(3)	(2)
Accumulated depreciation at December 31	**(1,006)**	**(1,003)**
Carrying amount at December 31	**13**	**6**
Motor vehicles/ transportation		
Cost at January 1	64	129
(Disposals)	(64)	(65)
Cost at December 31	-	**64**
Accumulated depreciation at January 1	(51)	(104)
Disposals	51	66
Depreciation charge for the year	-	(13)
Accumulated depreciation at December 31	-	**(51)**
Carrying amount at December 31	-	**13**
Total property and equipment	**7,624**	**6,531**

Land and buildings are stated at fair value less depreciation. The fair value represents the amount at which the land and buildings could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation.

Ennia Caribe Leven (Aruba) N.V. is officially the ultimate owner of the property & building at J.E. Irausquin Boulevard 16 since June 10, 2019 through the notarial deed of leasehold for a total price of AWG 5.5 million, which part was settled with the repayment of the loan from Aruba Bank of AWG 3,6 million.

The land and buildings at J.E. Irausquin Blvd 16 were revalued by a registered appraiser on March 16th, 2023. Valuation method used is carried out at present value based on the rentable value with a capitalization based on a yield of 7%. The Board of Directors reviewed the valuations performed by the appraiser and is of the opinion that the valuation technique is appropriate.

The revaluation surplus was recognized directly in the statement of other comprehensive income.

(13) Investment property

The following table presents details of investment property for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Balance at January 1	6,219	6,169
Addition	-	50
Revaluation	(563)	-
Carrying amount at December 31	**5,656**	**6,219**

The investment properties are stated at fair value. The fair value represents the amount at which the investment properties could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation.

The land and building located at Caya G.F. Betico Croes, and other land and properties located at Windstraat/Oude Schoolstraat were revalued by a registered appraiser on April 3rd, 2023. Valuation method used is carried out at present value based on the rentable value with capitalization based on a yield of 7%. The Board of Directors reviewed the valuations performed by the appraiser and is of the opinion that the valuation methods are appropriate.

Investment properties comprise land and building located at Caya G.F. Betico Croes carried at AWG 5,1 million; and other land properties located at Windstraat/Oude Schoolstraat carried at AWG 0.6million.

The revaluation loss was recognized directly in the statement of comprehensive income.

(14) Financial investments

The following table presents details of financial investments for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Debt securities	160,193	158,061
Equity securities	2,365	315
Deposits	28,941	37,899
Total financial investments	**191,499**	**196,275**

Of the deposits AWG 15,0 million (2021: AWG 15,0 million) are held with related parties.

Financial investments consist of the following categories:

	2022	2021
Available-for-sale investments		
Shares	2,365	315
Total available-for-sale investments	**2,365**	**315**

The fair value of the listed available-for-sale equity securities are determined at the closing prices provided by reputable data providers. The fair value of listed debt securities held at fair value through profit or loss are determined at the closing prices provided by reputable data providers.

As per year end 2022, the Company does not have any listed available-for-sale equity securities and listed debt securities.

Available-for-sale equity securities consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of the unlisted available-for-sale equity securities has been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The Board of Directors believes the estimated fair values resulting from the valuation technique, which are recorded in the statement of the financial position and the related changes in fair value recorded in the income statement are reasonable and the most appropriate at the year–end.

	2022	2021
Held-to-maturity investments		
Government bonds	160,193	158,061
Time deposits	28,941	37,899
Total held-to-maturity investments	**189,134**	**195,960**

Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using the effective interest method.

Fair value measurement

The following is a summary of the cost, unrealized gains and losses, and fair value of available-for-sale investments.

2022	Cost / Amortized cost	Unrealized gains and losses	Fair value
Equity securities AFS	2,365	-	2,365
At December 31, 2022	**2,365**	**-**	**2,365**

2021	Cost / Amortized cost	Unrealized gains and losses	Fair value
Equity securities AFS	315	-	315
At December 31, 2021	**315**	**-**	**315**

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The local government bonds of Aruba are recorded under level 2.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company’s fair value hierarchy is as follows:

At December 31, 2022	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	-	-	2,365	2,365
Fair value hierarchy total assets	-	-	2,365	2,365

At December 31, 2021	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	-	-	315	315
Fair value hierarchy total assets	-	-	315	315

Team life in front of mural by Ice One from Argentina

Fair Value Measurements using Level 3 Inputs

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 financial assets and liabilities which are recorded at fair value

Investment in available-for-sale financial assets	2022	2021
Balance at January 1	315	315
Additions	2,050	-
At December 31	**2,365**	**315**

(15) Loans and overdrafts to customers

The following table presents details of loans and overdrafts to customers for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Corporate loans		
Mortgages	8,950	3,361
Loans	226,647	222,530
	235,597	225,891
Customer loans		
Mortgages to clients	23,692	24,687
Mortgages to personnel	2,559	1,885
Customer loans (policy loans)	308	335
	26,559	26,907
Total gross loans	**262,156**	**252,798**
Allowance for doubtful accounts	(192)	(1,674)
Total loans	**261,964**	**251,124**

Individual allowance for doubtful accounts	2022	2021
Balance at January 1	1,674	3,559
Releases for the year	(1,482)	(1,885)
Balance at December 31	**192**	**1,674**

(16) Deferred insurance policy acquisition costs

The following table presents details of deferred insurance policy acquisition costs to customers for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
At January 1	4,067	4,274
Amortization deferred acquisition costs	(892)	(852)
Acquisition costs deferred during the year	1,200	645
Balance at December 31	**4,375**	**4,067**

Acquisition commissions are deferred by the creation of an explicit deferred acquisition costs asset in the statement of financial position. The deferred acquisition costs are calculated according to individual product type and using an appropriate actuarial method reflecting the expected recovery of expenses and other margins. For single-premium business no acquisition costs are deferred. Amortization takes place over a period of 15 years where the amortization in the first years is higher as in the later years. Deferred acquisition costs relating with the life business amounts to AWG 4,4 million (2021: AWG 4,1 million).

(17) Receivables and other financial assets

The following table presents details of receivables and other financial assets for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Amounts owed out of direct insurance	4,295	4,458
Amounts owed out of agents & brokers	1,543	1,304
Receivables from reinsurers	2,575	-
Provision for doubtful receivables	(535)	(535)
Total receivables and other financial assets	**7,878**	**5,227**

The carrying amounts of receivables are considered to approximate to their fair value.

(18) Prepayments and accrued income

The following table presents details of prepayments and accrued income for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Accrued interest income from debt securities	2,756	2,746
Accrued interest income from deposits	2,110	1,775
Accrued interest income from loans	1,588	1,624
Accrued interest income from mortgages	205	324
Prepayments and deposits	95	43
Total prepayments and accrued income	**6,754**	**6,512**

(19) Due from related parties

The following table presents details of receivables from related parties for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Balance at January 1	2,084	6,521
Interest income	65	153
Other movements	2,878	(4,590)
Total due from related parties	**5,027**	**2,084**

The Company charges a yearly fixed interest rate of 3% on amounts due from related parties. The repayment terms of amounts with related parties are not formalized in an agreement. The carrying amount of receivables are considered to approximate to their fair value.

(20) Cash and cash equivalents

The following table presents details of cash and cash equivalents for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Cash at banks	76,757	51,289
Short term time deposits	9,100	19,000
Items in the course of transit, transmission and clearing	-	(62)
Total cash and cash equivalents	**85,857**	**70,227**

Cash and cash equivalents comprise cash at banks.

(21) Share capital

The authorized and issued capital of the Company consists of 26,000 (2021: 26,000) shares with a nominal value of AWG. 1,000 and these are fully paid. (see the Statement of changes in shareholder's equity on page 13).

(22) Fair value reserves

The following table presents details of the fair value reserve of the available-for-sale debt securities, property plant and equipment and investment properties for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Balance at January 1	214	209
Fair value gains arising in period	4	6
Revaluation reserves on owner-occupied property (see note 12)	1,215	-
Deferred tax effect (see note 25)	(267)	-
Other	3	(1)
Carrying amount at December 31	**1,169**	**214**

(23) Insurance liabilities

Key assumptions

Judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in mortality rate may result in a larger number of claims (and claims could occur sooner than anticipated), which will increase benefit payments and reduce profits for the shareholders. On the other hand, this effect is offset as an increase in mortality rates will decrease the number of payments made to retirees.

Discount rate

The present value of the future cash flow is determined using one interest rate. An average duration is determined by looking at the duration of the liabilities. Then, the timing of the cash flows is matched against the yield curve with a corresponding maturity. Next, the yields are weighted based on the timing of the cash flows to determine the average yield and the average duration of our own investment portfolio are matched against the insurance liability. Next, the risk-free rate is determined. All reinvestments are assumed to be made at this risk-free rate. Based on the foregoing one can derive an average return.

San Nicolaas central roundabout with murals of Rudyomar Leysner and Portugese muralist Sérgio Odeith

The risk-free rate has a significant impact in determining the average return. The risk-free rate is determined on a mix of the interest rates of the Netherland Antilles (EXNA prior to 2010) and the US treasury rate per calculation date. The rates are weighted by the proportion of the investment portfolio allocated in local and foreign investment. The Company determines the term structure of interest based on a local/foreign portfolio mix of 60%/40% and the resulting mixed interest rates are used to calibrate the parameters of the Nelson Siegel interest rate model. The par interest rates are subsequently both strapped to obtain the zero-coupon term structure of interest rate curve. Ennia Caribe Holding (Aruba) N.V. has guaranteed a return between 2% to 4% in the event that the yield for reinvestments drops below 4%. This is not taken into account in the interest rate. Based on the above a risk-free rate of 5,08 % (2021: 4.20%) was used to determine the return for reinvestments.

Based on the above the following returns were used for reinvestments in Aruba.

Maturity	2022	2021
Year 1	2.94%	1.33%
Year 2	3.37%	1.92%
Year 3	3.70%	2.37%
Year 4	3.97%	2.74%
Year 5	4.19%	3.03%
Year 6	4.36%	3.26%
Year 7	4.51%	3.46%
Year 8	4.63%	3.62%
Year 9	4.73%	3.75%
Year 10	4.82%	3.86%
Year 11	4.89%	3.96%
Year 12	4.96%	4.05%
Year 13	5.02%	4.12%
Year 14	5.07%	4.19%
Year 15	5.12%	4.25%
Year 16	5.17%	4.30%
Year 17	5.21%	4.35%
Year 18	5.24%	4.39%
Year 19	5.28%	4.44%
Year 20	5.32%	4.48%
Year 21	5.35%	4.51%
Year 22	5.38%	4.55%
Year 23	5.41%	4.58%
Year 24	5.44%	4.62%
Year 25	5.47%	4.65%
Year 26	5.50%	4.68%
Year 27	5.53%	4.71%
Year 28	5.56%	4.74%
Year 29	5.59%	4.77%
Year 30	5.62%	4.80%

The assumptions that have the greatest effect on the statement of financial position and income statement of the Company are listed below.

	Mortality rates		Interest rates	
	2022	2021	2022	2021
Group life provision	GBM/V 2003 - 2008	GBM/V 2003 - 2008	3%	3%
	GBM/V 2000 - 2005	GBM/V 2000 - 2005	3%	3%
	GBM/V 1985 - 1990	GBM/V 1985 - 1990	4%	4%
	GBM/V 1976 - 1980	GBM/V 1976 - 1980	4%	4%
	GBM/V 1961 - 1965	GBM/V 1961 - 1965	4%	4%
Individual life provision	GBM/V 2000 - 2005	GBM/V 2000 - 2005	3%	3%
	GBM/V 1976 - 1980	GBM/V 1976 - 1980	3%	3%
	GBM/V 1976 - 1980	GBM/V 1976 - 1980	4%	4%
	GBM/V 1961 - 1965	GBM/V 1961 - 1965	4%	4%

The following table presents the impact of a 1.0% change in the interest rate on the group life provision and individual life provision (all other assumptions held constant).

	4.0% (base)	3.0%	5.0%
Group life	406,743	469,990	352,495
Individual life	103,347	117,341	91,133
Total	510,090	587,331	443,627
Increase/(decrease) compared to base		77,241	(66,463)

The Company has been actively working to update the assumptions and the models for some time now; and is currently in the process of remodeling the cash flow models and the expenses assumptions to make sure that these are improved in a short period of time. For this financial year the Company did take uncertainties into account and performed the necessary additional analysis based on generally accepted actuarial methods and there is still a significant positive margin for this year.

The following table presents details of insurance liabilities for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Individual life provisions	103,347	104,079
Group life provisions	406,743	386,666
Gross insurance liabilities	**510,090**	**490,745**
Individual life provisions	(969)	(1,024)
Reinsurance assets	**(969)**	**(1,024)**
Net insurance liabilities	**509,121**	**489,721**

Individual life insurance

The following changes have occurred in the individual insurance liability during the years December 31, 2022 and December 31, 2022.

	2022	2021
At January 1	104,079	104,699
Required interest	3,540	3,664
Available costs	(3,725)	(3,963)
Claims and benefits paid	(9,525)	(10,452)
Change in insurance liabilities	11,324	12,039
Other movements	(2,344)	(1,908)
At December 31	**103,347**	**104,079**

The following changes have occurred in the reinsurance individual insurance provisions during the years December 31, 2022 and December 31, 2021.

	2022	2021
At January 1	(1,024)	(1,010)
Required interest	40	41
Available costs	(301)	(281)
Claims and benefits paid	(1,722)	(2.588)
Change in insurance liability	2,038	2,814
At December 31	**(969)**	**(1,024)**

Group life insurance

The following changes have occurred in the gross group insurance provisions during the years December 31, 2022 and December 31, 2021.

	2022	2021
At January 1	386,666	367,520
Required interest	14,228	13,508
Available costs	(1,784)	(1,865)
Claims and benefits paid	(10,241)	(9,400)
Change in insurance liabilities	19,463	18,438
Other movements	(1,589)	(1,625)
At December 31	**406,743**	**386,666**

(24) Provision for reorganization

The following table presents details of provisions for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Provision for reorganization	218	218
At December 31	**218**	**218**

A detailed reorganization plan has been formalized at the balance sheet date and the justified expectation has been communicated to those affected by the reorganization. The amount of the provision is based on the current best management estimate of the actual amount to be distributed.

(25) Deferred tax

The following table presents details of deferred tax assets for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Deferred tax assets		
At January 1	812	1,641
Through profit or loss:		
Carried forward tax losses	(388)	(916)
Unrealized valuation movements on assets	(109)	87
Total deferred tax assets	**315**	**812**

	2022	2021
Deferred tax liabilities		
At January 1	1,017	1,067
Through profit or loss:		
Unrealized valuation movements on liabilities	77	(51)
Through OCI:		
Movement in fair value reserves	303	1
Total deferred tax liabilities	**1,397**	**1,017**
Total deferred tax	**(1,082)**	**(205)**
Adjustment tax rate percentage:		
Through profit or loss	(93)	-
Through OCI	(36)	-
At December 31	**953**	**205**

The Company, together with its parent entity, Ennia Caribe Holding (Aruba) N.V. and related entity, Ennia Caribe Leven (Aruba) N.V. forms a fiscal unity for tax purposes. Under this fiscal structure, the income of the Company is allocated to its shareholder, Ennia Caribe Holding (Aruba) N.V. for taxation on the basis of profits. The current tax charge for the Company for the period 2022 is nil (2021: nil). The losses available for loss compensation are allocated from the parent company.

As of January 1, 2023, the corporate income tax rate is reduced from 25% to 22%.

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A deferred taxation asset of AWG 157 thousand (2021: AWG 545 thousand) has been recognized in respect of unutilized carried forward tax losses. The unutilized caried forward tax losses are analyzed and expire as follows:

Fiscal Financial Year	Losses available for loss compensation per December 31, 2022	Fiscal/Financial year of expiry of tax losses
2018	333	2023
2019	294	2026

Losses can be compensated for 5 years, with the exception of losses generated in the Covid-years (2019-2021), which can be compensated for 7 years.

(26) Payables and other liabilities

The following table presents details of payables and other liabilities for the years ended December 31, 2022 and December 31, 2021.

	2022	2021
Payables arising out of direct insurance	(88)	(95)
Payables arising out of reinsurance	1,417	805
Other liabilities	1,217	741
Total payables and other liabilities	**2,546**	**1,451**

(27) Related party transactions

(a) Transactions with parent company

The Company enters into transactions with its parent company; Ennia Caribe Holding (Aruba) N.V. and the outstanding balance is as follows:

	2022	2021
Outstanding balance with parent company	1,171	2,662

The outstanding balances as of the reporting date are unsecured and with interest. Settlement is expected to take place in cash.

The significant transactions carried out during the year with the parent company are as follows:

	2022	2021
Payroll	(2,087)	(1,873)
Allocated operational expenses	(1,442)	(1,479)
Settlement De Hoop	(1,406)	1,406
Others	3,600	3,325
Total transactions with parent company	**(1,335)**	**1,379**

The repayment terms of amounts with related parties are not formalized in an agreement.

(b) Transactions with other related parties

The Company enters into transactions with the following related parties: Ennia Caribe Schade (Aruba) N.V., Banco di Caribe N.V., Ennia Caribe Holding N.V. and its subsidiaries and key management personnel in the normal course of business. The sales and purchases from related parties are made at normal market prices. As per May 12th, 2022, Banco di Caribe N.V. is no longer a related party.

The outstanding balances with other related parties are as follows:

	2022	2021
Financial investments with entities from the same group	15,000	15,000
Outstanding balance with other related parties	3,856	(423)
Mortgages to executive directors	535	641

Outstanding balances as of the reporting date are unsecured and with interest. Settlement is expected to take place in cash. As of the reporting date settlement has taken place for the loans and the outstanding balance with other related parties.

There are no provisions for doubtful accounts as of the reporting date and no bad debt expenses during the year.

Details of significant transactions carried out during the year with other related parties are as follows:

	2022	2021
Purchase of		
Investments from entities of the same group	-	18,000
Interest earned on financial investments, loans and current accounts	536	510
Redemption of		
Investments from entities of the same group	(18,000)	(5,000)

(c) Compensation of key management personnel

Key management personnel of the Company include all directors and senior management.

The summary of compensation of key management personnel for the year is as follows:

	2022	2021
Salaries	192	185
Other short-term employment benefits	69	67
Post-employment pension benefits	21	19
Total compensation of key management personnel	**282**	**271**

(d) Employee benefits

All personnel are employed by Ennia Caribe Holding (Aruba) N.V. therefore, the liabilities for employee benefits are recorded in Ennia Caribe Holding (Aruba) N.V. with the expenses allocated among group companies.

(28) Commitments and contingencies

The table below gives the contractual amounts of credit commitments of the Company for corporate and customer loans.

Credit Commitments	2022	2021
Corporate loans		
- less than 1 year	14,480	7,916
- 1 year and over	14,689	4,949
Customer loans		
- less than 1 year	738	172
- 1 year and over	-	-
Total Credit commitments	**29,907**	**13,037**

There were no other commitments, contingent liabilities or contingent assets at either December 31, 2022 or December 31, 2021 requiring disclosures and/or adjustments.

(29) Subsequent events

On May 15, 2023, Ennia Caribe Leven (Aruba) N.V. acquired all of the assets and liabilities of the insurance broker EFS Equidad Financial Services N.V. (Equidad). The Company acquired a 100% participation and is the sole shareholder of Equidad. The transaction was accounted for as a purchase, against the price of 405 thousand Aruba Florins, allocated based on the fair values of assets acquired and liabilities assumed. The acquisition was financed with the Company's own available cash.

There have been no other subsequent events which would have a material impact on the financial statements.

* * * * *

Team Finance in front of mural by Diogo Machado, aka AddFuel, from Portugal

www.addfuel.com

Team ENNIA in front of mural by WD, aka Wild Drawing. The Indonesian artist calls it 'Hymn to the Caribbean Sea'.

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