

# Assuria

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## VERZEKERINGEN

Semi-annual Report 2020





Semi-annual Report 2020

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# Interim Report of the Executive Board

## EXECUTIVE SUMMARY

### General

Our home market, Suriname, coming out of the elections as a new government takes office, is facing a perfect economic storm. The economy already weakened by a high debt position and budget deficits, currency weakness and high inflation is now hit even harder as Covid-19 disrupts social and economic life. In our other markets in Trinidad and Guyana the impact of Covid-19 on the economy is also noticeable, placing additional challenges on our operations.

### Covid-19

Due to the Covid-19 crisis, the global economy is still operating at only 70% - 80% capacity, as a result of necessary targeted lockdowns and other strict measures taken to combat new outbreaks of the virus. We have seen the same in all markets where we operate. A new normal has presented itself and it will take time before we can return to business as usual. Our expectation is that the way we do business, even if the pandemic seizes to exist, will be changed indefinitely.

The insurance industry everywhere is affected by the Covid-19 outbreak in various ways: first, there are effects of recession which can reduce new business, but even existing business is difficult to maintain given the changing circumstances. Also in the international capital markets, falling interest rates and volatile stock markets weigh down further on the financial performance of especially the Life company. On the other hand, a reduced claim frequency is observed during lockdown periods which has a positive effect, but it is yet unknown what is still to come. On top of these market challenges, there is the operational challenge of business continuity: maintaining operations and serving clients digitally, while ensuring the safety and wellbeing of both employees and clients who still want to visit our offices. In addition, we also note an increase in outstanding receivables and therefore an increase in payment arrangements made with clients as a temporary relief during the coronavirus outbreak.

In our companies, safety measures were taken as soon as the first infection cases became known. We were able to successfully transform the traditional way of doing business at the offices towards remote working and providing remote and flexible services by creating or expanding our digital offering for individual and business customers alike, all within a short period. Our investments in the digitalization of our business have paid off, but in this environment, we need to continue to invest

in solutions in order to adapt quickly to changing situations. In each territory management adjusted work and service protocols where necessary.

We expect the crisis to increase demand for digital interactions and better tailored services and are committed to the expansion of our digital offering as this trend continues.

Since the onset of the pandemic, the Assuria Group has ensured delivery of its promise and commitment to customers. Next to the various digital ways of communication with clients and agents, we have continued high pace tailored innovations in each territory. In Suriname for instance we have recently introduced the home-delivery service of relevant insurance documents.

The Group is also providing additional financial relief through, amongst others, payment arrangements and extensions of coverage during lockdowns. We also continue to work to include coverage for Covid-19 where possible.

At the same time, Assuria, in Suriname, provided prompt support to the community by providing funds to the Covid-19 Support Fund (managed by SU4SU) for medical supplies to combat the pandemic and treat those affected.

A Covid-19 Fund was established by our General and Life Company in Guyana as part of an Assuria giving back initiative to assist those organizations that implore assistance within the difficult phase of the Coronavirus outbreak.

Our flexible and resilient business model positions our Group well to quickly adapt to changing situations and requirements to deliver value and achieve continued success. The half-year results demonstrate a strong operating performance and confirm the Assuria Group's solid financial position.

## ECONOMIC ENVIRONMENT

The Suriname economy is facing challenges. The previous government's financial policy, which was characterized by a high and growing debt position, will have major long-term negative effects. At an exchange rate of SRD 7.52, the national debt to Gross Domestic Product (GDP) of 104% is alarmingly high. As a result, the new government's ability to tap new borrowings is challenging. Recent borrowings from the previous government have been at higher interest rates with more stringent lending terms and conditions. On the other hand, the future prospects of oil sector development seem to give investors a positive feeling, given the fact that a recent State Oil Suriname (Staatsolie Suriname) bond issuance was fully subscribed.

As stated earlier the new government faces a perfect economic storm facing an inherited weak economy in deep recession extra impacted by the Covid-19 global pandemic. The government faces a huge budget deficit and extreme difficulties to make loan payments in 2020. Our expectation is that this will result in a strict economic restructuring program including among other measures a depreciation of the currency. To this regard a lot of turmoil was caused by statements that a solidarity tax would be implemented to help support governments financing needs. Most of the critic was focused on the fairness of the proposed because of the fact that a large number of people in the country remain tax non-compliant and as such would not be affected by these measures.

By the end of July 2020, the third oil discovery offshore of Suriname was announced. These discoveries are a spark of hope for Suriname for the medium to long term. But here is a lot of work to be done before these findings really materialize.

The economy of Suriname is projected to further contract sharply with relatively high inflation and uncertainty in the forex markets due to fiscal imbalances and a lack of urgently needed reforms. According to preliminary figures from the General Statistical Office (*Algemeen Bureau voor de Statistiek*) in Suriname, year-on-year inflation in June 2020 compared to June 2019 increased significantly. While the official exchange rate against the US-dollar was SRD 7.52, in the unofficial market trading rates were above SRD 15 for USD 1 and continued to go up, even after the unification of the exchange rate by the end of September at SRD 14.29.

Failing to address the precarious economic situation will add to the very concerning growth of public debt, potentially lead to larger shortfalls in external financing, and increasing pressure on the currency. But, with the recent change in political leadership, the expectation is that a successful economic recovery plan will be launched and implemented. Suriname's economic prospects for the medium-term will depend on its commitment to execute monetary and fiscal policies, structural income diversification and the promotion of a healthy, transparent, business friendly society.

The downgrade of Suriname by Standard & Poors to a CCC rating, and by Moody's to Caa3, indicates how precarious the situation has become. The downgrade is a result of Suriname's high level of debt, a shortage of foreign currency and the higher probability of default to repay loans due to the coronavirus pandemic. Contrary to Standard & Poors and Moody's, Fitch adjusted the rating of Suriname from RD (Restricted Default) to CC. The upgrade was the result of the 'request for permission' to reschedule the main payments of the 'Afobakadam loan' and to change the payment conditions. However, a

CC rating still means that the situation is imminent with little prospect of recovery.

With this downgrade, the confidence of the international community in Suriname dropped further and doing business abroad is becoming more difficult for Surinamese companies.

With regard to Guyana, as governments across the world continue to struggle with the significant economic damage done by the Covid-19 pandemic, while bracing for negative growth, the latest projections by the International Monetary Fund (IMF) show that Guyana is expected to be the only country in the Latin America and Caribbean Region to have a positive outlook for 2020. Last year, the IMF had predicted that Guyana's Gross Domestic Product (GDP) would grow by 86%. But due to the effects of the oil price war between Saudi Arabia and Russia as well as Covid-19's effects on the overall global demand for oil, the IMF has revised its projection to 52.8 %.

Trinidad and Tobago (T&T), based on the IMF's projections, will see negative growth which is pegged at minus 4.5%. T&T is facing the worst economic crisis since 1986. The economy of Trinidad & Tobago contracted severely in the second quarter due to a weaker energy sector, lower exports due to an overall weaker demand and the impact of the pandemic.

In March 2020, Standard and Poors lowered the country's long-term foreign and local currency sovereign credit ratings from BBB to BBB-, with a stable outlook. On the other hand, the international rating agency, Moody's, maintained Trinidad and Tobago's Ba1 rating.

Even though we may not be able to fully mitigate all risks, and some of our subsidiaries even incurred losses during the first half year of 2020, we remain confident that the Assuria Group will remain financially sound and solvent. The economic crisis in Suriname and the pandemic will present a challenge to our companies, but our strong solvency and liquidity position and intellectual capital will enable us to overcome these exceptional times and remain strong.

## OPERATING RESULTS

### CONSOLIDATED RESULTS

The consolidated financial statements for the first half year of 2020 include the numbers of all the subsidiaries of Assuria N.V., namely Assuria *Levensverzekering* N.V., Assuria *Schadeverzekering* N.V., Assuria *Medische Verzekering* N.V., Assuria *Beleggingsmaatschappij* N.V., DSB-Assuria *Vastgoed Maatschappij* N.V., Aarvina Trading N.V., Interdomestic Trading N.V., Assuria Life (GY) Inc., Assuria General (GY) Inc., Gulf Insurance Ltd. and Assuria Life (T&T) Ltd.

The consolidated result before tax for the first half year of 2020 is SRD 40.6 million compared to SRD 22.5 million over the first half year of 2019. This is an increase of SRD 18.1 million (80%). All insurance companies within the Assuria Group (except *Assuria Levensverzekering N.V.*) have achieved pre-tax results higher than a year ago.

The consolidated operating result for the first half year of 2020 is SRD 41.5 million compared to SRD 19.9 million for the first half year of 2019, an increase of SRD 21.6 million (109%).

The prices of bonds and shares on the international markets declined sharply in the first months of the year due to uncertainty surrounding the pandemic. We have not been spared and our international investments experienced a significant decrease in value as well. Consolidated investment income decreased by 20% from SRD 58 million in the first half year of 2019 to SRD 46.3 million in the first half year of 2020. The effects on shares held for dividend income are recognized in equity and amount to SRD 4.6 million negative as of June 2020. Fortunately, to date markets have been recovering, while uncertainty remains. Our expectation is that if the pandemic does not worsen, we will see a significant recovery at year's end.

The consolidated net premium income decreased slightly by 3% from SRD 314 million in the first half year of 2019 to SRD 305.9 million in the first half year of 2020. This is primarily the result of a drop in the net premium income of the Group's life business with 16% from SRD 106.2 million in the first half year of 2019 compared to SRD 89.2 million in the first half year of 2020 due to less policy renewals.

The consolidated claims for own account decreased by 10% from SRD 160.6 million in the first half year of 2019 to SRD 144.8 million in the first half year of 2020 due to a significant drop in claims of the Group's non-life business, probably because of the lockdown periods related to Covid-19.

The movement in the consolidated technical provisions also decreased by 36% from SRD 91 million in the first half year of 2019 to SRD 58.4 million in the first half year of 2020.

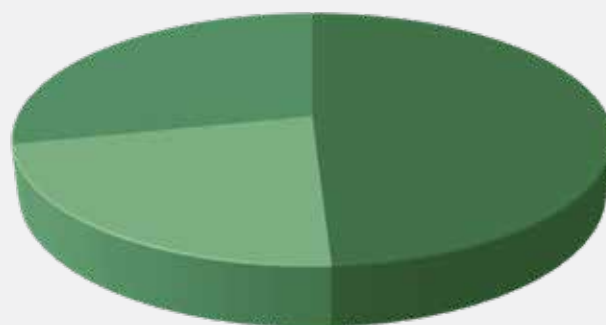
The consolidated operating expenses increased by 16% from SRD 81.8 million in the first half year of 2019 to SRD 95 million in the first half year of 2020, mainly because of an increase in personnel expenses with SRD 2 million, other third party services with SRD 1 million partly related to Covid-19, interest paid with SRD 2.2 million in relation to the financing of the Assuria High-Rise building and a change in provision for doubtful debtors with SRD 5.2 million.

### Consolidated result by segment

Consolidated result before taxation based upon geographic segmentation for the first half year of 2020:

In millions of Suriname Dollars

**Trinidad & Tobago, SRD 11.6 million, 29%**  
(June 2019: SRD 7.8 million, 35%)



**Guyana, SRD 9 million, 22%**  
(June 2019: SRD 3.2 million, 14%)

**Suriname, SRD 20 million, 49%**  
(June 2019: SRD 11.5 million, 51%)

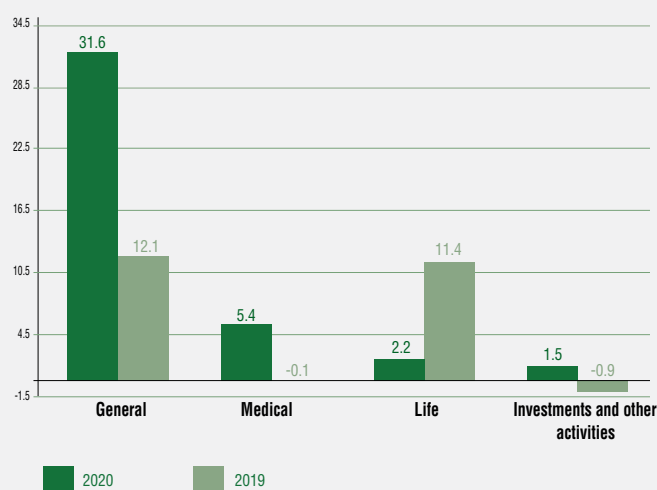
■ Suriname ■ Guyana ■ Trinidad & Tobago

The pre-tax results in all three geographic segments where Assuria is active, improved significantly in the first half year of 2020 compared to the first half year of 2019 especially due to a decrease of the total expenses in all three geographic segments.

### Consolidated result by activity

Consolidated result before taxation for the first half year of 2020 by activity:

In millions of Suriname Dollars



The result before tax of "Investments & other activities" include figures of the companies Assuria *Beleggingsmaatschappij* N.V., DSB-Assuria *Vastgoed Maatschappij* N.V., Aarvina Trading N.V., Interdomestic Trading N.V. and Assuria N.V.

Compared to June 2019, the pre-tax results improved Group wide, except for the Life business due to significant lower investment income of Assuria *Levensverzekering* N.V. which resulted from a decline in the valuation of bonds and shares on the international markets.

## COMPANY RESULTS

Together with Assuria N.V. the operating companies achieved the following pre-tax results:

Amounts in Suriname Dollars

	1 <sup>st</sup> half of		Differences in (%)
	2020	2019	
Assuria Levensverzekering N.V. ( <i>Life insurance</i> )	-3,962,026	8,769,477	-145%
Assuria Schadeverzekering N.V. ( <i>General insurance</i> )	17,043,023	3,710,070	359%
Assuria Medische Verzekering N.V. ( <i>Medical insurance</i> )	5,416,083	-65,693	8345%
Assuria Beleggingsmaatschappij N.V. ( <i>Investment company</i> )	1,895,764	1,009,528	88%
DSB-Assuria Vastgoed Maatschappij N.V. ( <i>Real estate</i> )	-475,522	-2,379,570	80%
Aarvina Trading N.V.	-1,026,752	108,115	-1050%
Interdomestic Trading N.V. ( <i>Real estate</i> )	488,851	-	
Assuria N.V.	589,228	346,467	70%
<b>Suriname</b>	<b>19,968,649</b>	<b>11,498,394</b>	<b>74%</b>
Assuria General (GY) Inc.	7,932,702	3,027,673	162%
Assuria Life (GY) Inc.	1,125,744	169,912	563%
<b>Guyana</b>	<b>9,058,446</b>	<b>3,197,585</b>	<b>183%</b>
Gulf Insurance Ltd.	6,607,110	5,349,397	24%
Assuria Life (T&T) Ltd.	4,987,501	2,419,259	106%
<b>Trinidad &amp; Tobago</b>	<b>11,594,611</b>	<b>7,768,656</b>	<b>49%</b>
<b>Total</b>	<b>40,621,706</b>	<b>22,464,635</b>	<b>81%</b>

The result of Assuria *Levensverzekering* N.V. decreased in the first half year of 2020 by SRD 12.7 million. The main reason for this is the decline in investment income due to the decreased prices of bonds and shares internationally as a result of the global Covid-19 pandemic.

With regard to the pre-tax results of Assuria *Schadeverzekering* N.V. and Assuria *Medische Verzekering* N.V. the following must be considered. As per January 1, 2020, the quota share reinsurance contract was continued by these two companies, under which Assuria *Medische Verzekering* N.V. reinsures part of its risks with Assuria *Schadeverzekering* N.V. Without this reinsurance contract, Assuria *Schadeverzekering* N.V. would have made a pre-tax profit of SRD 8.4 million and Assuria *Medische Verzekering* N.V. would have made a pre-tax profit of SRD 14 million. This reinsurance contract was extended to meet Solvency requirements as set by the Central Bank of Suriname.

The pre-tax result of Assuria *Beleggingsmaatschappij* N.V. improved due to a sharp increase in unrealized investment income as a result of higher stock market prices of some of the local (in Suriname) shares held.

The pre-tax result of DSB-Assuria *Vastgoed Maatschappij* N.V. improved due to a significant decrease of the interest expenses. Due to the settlement of liabilities during 2019, interest expenses decreased significantly.

The companies in Guyana are doing very well as both net premiums and investment income have increased.

The pre-tax result of our Trinidad & Tobago subsidiaries improved due to a release of TTD 12.1 million in the movement in insurance related provisions of the Life company, caused by the adjustment of interest payments to a large group of policyholders with an incorrectly calculated interest payment.

## Dividend

While it can be expected that recent events, especially the pandemic, will have an impact on us in the remainder of the year, our financial position will remain strong. Therefore, the Executive Board proposes an interim dividend of SRD 0.50 per share.

## Acknowledgements

A very special word of appreciation goes out to Mr. Armand Achaibersing for his significant contribution to the Assuria Group and his guidance over the past 3 years as CEO. We wish him success and all the best in his future.

As successor, Mr. Mario Merhai was appointed Chief Executive Officer (CEO) by the Supervisory Board in July 2020.

In order for Assuria to be able to adequately address the challenges that lie ahead, our Executive Management Team (EMT) was expanded. As of August 1, 2020, the composition of Assuria's EMT is as follows:

- *Chief Executive Officer:*  
Mr. Mario Merhai MSc AAG
- *Chief Operations Officer:*  
Mr. Rishie Parbhudayal MSc AAG
- *Chief Financial Officer:*  
Mr. Gerry Liauw Kie Fa MSc CA RA CIA CISA
- *Chief Risk Officer:*  
Mrs. Charissa Profijt – Lim A Po MSc AAG
- *Chief Legal & Human Resources Officer:*  
Mrs. Petty Mahabiersingh LLM

## Outlook

The government announced an integral set of fiscal, social and economic measures to increase state revenues, improve economic recovery and alleviate poverty. The unification of the exchange rate to SRD 14.29 for the US dollar is one of these measures. If these measures are implemented successfully, we expect a gradual recovery of economies and markets. Until then it is expected that the social, political and economic situation will continue to impose uncertainties.

Given the particular challenges of 2020, our goals for the year are first and foremost to provide the best customer service possible, to safeguard our employees' and customers' health and to sustain financial strength and resilience.

Amid unfavorable and uncertain conditions in our markets we foresee a positive operating result for 2020 that potentially may be higher than previous year. The half year results are encouraging in this regard.

Paramaribo, September 27, 2020

M.R. Merhai  
*Chief Executive Officer*



# Consolidated statement of financial position as at June 30, 2020

Amounts in Suriname Dollars

<b>ASSETS</b>	<b>June 30, 2020</b>	<b>Dec. 31, 2019</b>
<b>Non-current assets</b>		
Goodwill	6,072,195	6,072,195
Tangible fixed assets	258,573,880	256,864,160
Real estate investments	120,202,603	121,427,592
Financial investments	1,678,322,027	1,615,371,691
Deferred tax assets	10,265,763	11,659,002
<b>Total non-current assets</b>	<b>2,073,436,468</b>	<b>2,011,394,640</b>
<b>Current assets</b>		
Insurance related receivables	150,231,271	112,474,568
Other receivables	109,226,582	141,171,156
Cash and cash equivalents	288,882,177	250,127,700
<b>Total current assets</b>	<b>548,340,030</b>	<b>503,773,424</b>
<b>Total assets</b>	<b>2,621,776,498</b>	<b>2,515,168,064</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Group equity</b>		
Paid in share capital	655,380	655,380
Reserves	306,026,782	314,088,924
Profit for the period after tax	29,203,382	-
Minority interest	16,637,985	15,912,722
<b>Total group equity</b>	<b>352,523,529</b>	<b>330,657,026</b>
<b>Long-term liabilities</b>		
Insurance related provisions	1,828,867,309	1,782,089,643
Employee Benefit Plans	32,374,006	33,292,135
Other long-term liabilities	90,265,806	93,754,216
Deferred tax liabilities	93,979,028	93,704,005
<b>Total long-term liabilities</b>	<b>2,045,486,149</b>	<b>2,002,839,999</b>
<b>Short-term liabilities</b>		
Insurance related liabilities	74,508,422	51,753,232
Reinsurance liabilities	22,924,805	17,704,500
Taxes	38,871,399	21,176,106
Other liabilities	87,462,194	91,037,201
<b>Total short-term liabilities</b>	<b>223,766,820</b>	<b>181,671,039</b>
<b>Total group equity and liabilities</b>	<b>2,621,776,498</b>	<b>2,515,168,064</b>

# Consolidated statement of profit and loss for the period

## January 1 - June 30, 2020

Amounts in Suriname Dollars

	June 30, 2020	June 30, 2019
<b>Income</b>		
Premium income	354,249,605	362,681,420
Reinsurance premium	48,330,609	48,702,891
Net premium income	305,918,996	313,978,529
Realized investment income	47,109,395	49,973,227
Unrealized investment income	-761,072	7,986,821
Investment income	46,348,323	57,960,048
Other income	1,508,974	1,378,254
<b>Total income</b>	<b>353,776,293</b>	<b>373,316,831</b>
<b>Less: Expenses</b>		
Claims and surrenders	144,803,498	160,639,624
Exchange rate differences investments related to insurance liabilities	-1,026,858	1,610,755
Change in insurance related provisions	58,406,352	90,995,863
Operating expenses (including acquisition costs)	94,986,404	81,818,477
Profit sharing and discounts	9,504,265	13,703,364
Change in Employee Benefit Plans	1,555,998	2,214,500
Depreciation	4,049,434	2,469,311
<b>Total expenses</b>	<b>312,279,093</b>	<b>353,451,894</b>
<b>Operating result</b>	<b>41,497,200</b>	<b>19,864,937</b>
Unrealized Exchange rate differences	-1,817,801	319,600
Realized Exchange rate differences	942,307	2,280,098
Exchange rate differences	-875,494	2,599,698
<b>Result before taxation</b>	<b>40,621,706</b>	<b>22,464,635</b>
Income tax	9,772,373	5,755,027
Deferred tax	1,645,951	461,106
<b>Result after taxation</b>	<b>29,203,382</b>	<b>16,248,502</b>
Result after taxation is for account of		
Shareholders of Assuria N.V	27,908,632	16,860,534
Minority interest	1,294,750	-612,032
<b>Result after taxation</b>	<b>29,203,382</b>	<b>16,248,502</b>

# Consolidated equity movement schedule for the period January 1 - June 30, 2020

Amounts in Suriname Dollars

	Equity	Minority interest	Total
<b>Balance as at January 1, 2019</b>	<b>269,182,447</b>	<b>14,258,198</b>	<b>283,440,645</b>
Net profit for the year after tax	51,244,332	1,143,907	52,388,239
Adjustment prior period*	-2,095,550	-	-2,095,550
Capital injection (Guyana Life)	-	793,540	793,540
Interim dividend 2019	-2,095,550	-	-2,095,550
Impairment property Church Street (GY Life)	-211,705	-70,568	-282,273
Impairment property DAVG	-430,113	-413,246	-843,359
Other (including currency translation adjustments)	-267,460	200,891	-66,569
<b>Balance as at December 31, 2019</b>	<b>315,326,401</b>	<b>15,912,722</b>	<b>331,239,123</b>
Final dividend 2019 ***	-582,097	-	-582,097
<b>Balance as at December 31, 2019 **</b> (after proposed appropriation of result)	<b>314,744,304</b>	<b>15,912,722</b>	<b>330,657,026</b>

\* As per December 31, 2018, in relation to the interim dividend payable, the movement in the "Other" line item was overstated by respective amount. Consequently, the "Other Liabilities" were understated by this amount.

\*\* Amount consist of paid in share capital and reserves.

\*\*\* Final dividend 2019 relates to the impact of the proposed final dividend including stock options.

	Equity	Minority interest	Total
<b>Balance as at January 1, 2020</b>	<b>314,744,304</b>	<b>15,912,722</b>	<b>330,657,026</b>
Net profit for the period after tax	27,908,632	1,294,750	29,203,382
Depreciation dividend shares Assuria Levensverzekering N.V. *	-4,639,430	-32,234	-4,671,664
Depreciation dividend shares Guyana (Life & General)	-1,523,351	-507,786	-2,031,137
Impairment property and depreciation shares Gulf Insurance Ltd.	-233,280	-	-233,280
Other (including currency translation adjustments)	-371,331	-29,467	-400,798
<b>Balance as at June 30, 2020</b>	<b>335,885,544</b>	<b>16,637,985</b>	<b>352,523,529</b>

\* This concerns the fair value movement for securities categorized as "hold to collect and sell", which is recorded in equity from 2020 on.

In the first half year of 2019, there was only one security held to collect and sell, significant investments in this category occurred in September 2019.

# Consolidated cash flow statement for the period

## January 1 - June 30, 2020

Amounts in Suriname Dollars

	June 30, 2020	June 30, 2019
<b>Cash flow from operating activities</b>		
Result before taxation	40,621,706	22,464,635
Depreciation	4,049,434	2,469,311
	<hr/> 44,671,140	<hr/> 24,933,946
<i>Adjustments for:</i>		
Unrealized investment income	761,072	-7,986,821
Unrealized exchange rate differences	1,817,801	-319,600
Change in insurance related provisions	57,379,494	92,606,618
Change in Employee Benefit Plans	1,555,998	2,214,500
Doubtful debts and credit provision	7,367,911	1,971,820
<i>Changes in operating capital</i>		
Insurance related receivables	-45,124,614	-33,601,179
Other receivables	31,944,574	-6,450,025
Insurance related liabilities	22,755,190	18,734,893
Reinsurance liabilities	5,220,305	-1,853,412
Taxes	2,703,901	-3,138,686
Other liabilities	-8,144,683	8,539,288
	<hr/> <b>122,908,089</b>	<hr/> <b>95,651,342</b>
<b>Cash flow from investing activities</b>		
Investments fixed assets	-5,759,154	-26,585,124
Other investments	-583,585,603	-415,700,787
Divestments/ disposals	508,679,555	405,058,076
	<hr/> <b>-80,665,202</b>	<hr/> <b>-37,227,835</b>
<b>Cash flow from financing activities</b>		
Change in long-term liabilities	-3,488,410	1,967,126
Dividends paid	-	-
	<hr/> <b>-3,488,410</b>	<hr/> <b>1,967,126</b>
<b>Change in cash and cash equivalents</b>	<hr/> <b>38,754,477</b>	<hr/> <b>60,390,633</b>
Cash and cash equivalents beginning of reporting period	<b>250,127,700</b>	162,624,437
<b>end of reporting period</b>	<b>288,882,177</b>	223,015,070

The cash flow statement is prepared according to the indirect method. Only those movements which led to a change in the cash and cash equivalents were taken into consideration. Revaluations were not taken into consideration.

The effects of exchange rate differences on the balances of cash and cash equivalents denominated in foreign currency were incorporated as exchange rate differences in the operating result.

# Notes to the 2020 consolidated semi-annual report

## ACCOUNTING PRINCIPLES

### General

The consolidated semi-annual statements were prepared in accordance with generally accepted accounting principles, based on matching principle and the company's going concern assumptions.

The statutory financial reports of Gulf Insurance Ltd., Assuria Life (T&T) Ltd., Assuria General (GY) Inc. and Assuria Life (GY) Inc. are prepared in accordance with IFRS as required in these countries. Assuria is in the transition towards reporting under IFRS. This includes specific standards related to the insurance related provisions. In this respect, and also in relation to the harmonization of the accounting principles within the Assuria Group, the methodology for the determination of the technical provisions was adjusted and in which prudence has increased and the insurance related provisions are determined at market value.

On September 24, 2017 the act on financial statements was passed. Based upon article 24 "Overgangsbepaling", starting 2020, large-sized companies and public interest entities are required to present their financial statements in accordance with the applicable accounting principles. This means that as of January 1, 2020 both the consolidated and the company financial statements of Assuria will be prepared and published in accordance with the IFRS standards.

In addition to the qualitative impact, Assuria is working to further quantify and analyze the effects of a transition to IFRS in relation to the financial effects on the equity, results and solvency of Assuria. This analysis is aimed at determining the impact and any necessary financial and/or organizational measures in support and realization of a precise transition to IFRS reporting.

### Consolidation principles

Subsidiaries are all entities in which Assuria N.V. – direct or indirect – has executive power in relation to the financial and operational policies. Subsidiaries are fully consolidated from the date on which control is transferred to Assuria N.V. All inter-company balances, transactions, gains and losses as per balance sheet date are fully eliminated. The minority share is part of the equity in the subsidiary that belongs to third parties.

### Valuation principles

The consolidated financial statements have been prepared on historical cost basis, modified by the revaluation of certain property, plant and equipment, financial assets and liabilities are based on fair value.

For the preparation of the (consolidated) financial statements, the management made a number of estimates and assumptions, which affect related balance sheet items as well as income and expense in the reporting period. These include, amongst others, the determination of the fair value of assets and liabilities, impairments and the insurance related provisions as well as the provision for doubtful debts.

The estimates and assumptions are subject to changes and are continuously evaluated. Although these estimates are based on management knowledge, historical experiences and events, the actual results can differ from the estimates.

### Impairment of assets

At the end of each reporting period management determines whether the value of the financial assets has permanently decreased. Assets are impaired if the carrying value of these assets exceeds the fair value, and if there is objective evidence of impairment. Losses which arise from the impairment are accounted for in the profit and loss account under the operating expenses.

### Intangible assets

#### *Goodwill*

Goodwill is the positive difference between the acquisition price and the initial valuation of the shares. Goodwill is not amortized. Annually the need for impairment is assessed.

### Tangible fixed assets

#### *Property*

The property is valued at current value, less any impairment losses. The current value is based on valuations, which are generally of recent date but not older than five years. Investments made after the last known valuation are capitalized at acquisition value. A revaluation reserve is created for the revaluations. Because the company does not intend to alienate the property, there is no provision for deferred taxes formed in relation to these assets.

### Fixed assets

The fixed assets concern company vehicles, furniture and equipment, hardware and software and are valued at acquisition cost less straight-line depreciation based on the estimated useful life. Depreciations are calculated from the date of acquisition or from the date the asset is taken into use.

The depreciation rates used are stated below:

Company vehicles	20.0%
Furniture and equipment	33.3%
Hard and software	20.0%

### Real estate investments

Real estate investments are kept for creating value on long term, to gain income from rent or to gain profit from selling. These real estate investments are valued against fair value. A revaluation reserve is formed for the movement. Where it is not the intention to alienate certain real estate investments, no deferred taxes are accounted for in relation to these investments.

### Financial investments

The term deposits, bonds and treasury bills are valued against the fair value. Mortgages are valued against the redemption value of the debt, taking into account a provision for bad debts and in which the fair value equals the liquidation value of the collateral.

Loans issued are included against the redemption value of the capital.

Securities are valued at fair value, basically the stock market quotation. For the securities of foreign companies, the rate per balance sheet date as listed at the international stock market is used. Securities of local companies are listed at the Suriname Stock Exchange.

Unrealized movements in the share prices of the securities portfolio are entered in the profit and loss account under the unrealized investment income.

For securities held to maturity and categorized as “hold to collect and sell”, the fair value movement is recorded in equity.

Investments for account of policyholders relate to investments under the Assuria Investment Plan in foreign funds. The investment risk is fully borne by the policyholders.

### Tax and Deferred Tax

Based on the income tax act from 2016, it was determined that the equalization reserve was no longer permitted and income taxes are to be paid over the taxable results.

The deferred tax assets concern losses from previous years for which it is probable that sufficient prospective fiscal profit will be available to compensate those losses and that these can be settled as such. The deferred tax liabilities are related to future tax payables caused by temporary differences, as result of differences in accounting and fiscal principles. Because the unrealized foreign exchange results are non-taxable until they become realized, a deferred tax liability has been accounted for. The deferred tax assets and liabilities are valued against the par value.

### Receivables from insurance activities

This item concerns short-term receivables from clients and agents and are stated at amortized cost, which is equivalent to the par value. A provision is made for bad debts based upon the aging and the estimation of collectability.

### Other receivables

Other receivables concern mainly short-term receivables and are stated at amortized cost, which is equivalent to the par value.

Where necessary, a provision for doubtful debts has been taken into account.

### Cash and cash equivalent

Cash and cash equivalents are stated at par value. These cash and cash equivalents are readily available and at the free disposal of the company, unless stated otherwise.

### Insurance related provisions

Actuarial calculations and assessments are performed on the premium reserve of life insurances and unearned positions of general and medical insurances.

The outstanding claims concern a provision for claims not yet settled at the balance sheet date. Calculations are performed individually, taking into account an estimate for claims not yet reported at the time of determining this provision. The adequacy of these provisions is actuarially assessed (annually and semi-annually).

The claim and premium provisions are based on the BEST Capital Adequacy Ratio model, which in the Caribbean is seen as “best practice”. With respect to the insurance related provisions of the Life company, the Caribbean Policy Premium Method (CPPM) is used. The CPPM reserve is calculated based upon market value assumptions and includes a prescribed prudence margin for any uncertainties in the determination of these assumptions.

### Employee Benefit Plans

The employee benefits are actuarially determined annually. The obligation arising from defined benefits to employees is secured at Assuria *Levensverzekering* N.V. The movement of this part of the liability is included in the income statement under the "Change in Employee benefit plans".

For the backservice-liabilities arising from the pension scheme for employees in Suriname an additional provision is formed.

By virtue of the collective agreement, the employees that are active and their family members shall be entitled to medical care. To finance these claims a provision is formed during the active service period of the employee.

For the retired employees and their family members a provision is formed separately.

### Other long-term liabilities

Long-term liabilities concern obligations with initially a maturity of longer than one year; these are included at par value.

### Other liabilities

The other liabilities concern obligations with basically a term shorter than one year and are accounted against par value.

### Principles for determining the result

All income and expenses arising during the financial year are recognized in the profit and loss account. This takes into account the deferred income and accrued receivables as well as prepaid expenses and accrued payables. The description of the accounting principles for determination of profit/loss are also included in the explanatory notes to the balance sheet items.

### Principles for translation of foreign currencies

Each group company uses its relevant functional currency, being the currency of the country in which the company operates. In the preparation of the consolidated financial statements the different currencies are converted to the currency of Assuria N.V., more in particular the Suriname Dollar. The exchange rate differences arising from the translation of the financial position of foreign subsidiaries at the rate as at balance sheet date are recognized under equity (translation adjustment).

The exchange rates applied as at balance sheet date are:

		June 30, 2020	December 31, 2019
USD	= SRD	7.520	7.520
Euro	= SRD	8.496	8.424
GYD (per 100)	= SRD	3.597	3.616
TTD	= SRD	1.110	1.113

Capital expenditures, investments as well as income and expenses arising from foreign exchange transactions during the reporting period, are translated at the end of the month rates as indicated by the Central Banks.

Monetary balance sheet positions in foreign currency are translated at the exchange rate as at balance sheet date as indicated by the Central Banks. The translation differences arising from the above are separately recognized as unrealized exchange rate differences in the profit and loss account.

### Off-balance sheet commitments

Due to the change in local solvency legislation, it is expected that the life companies in Guyana and in Trinidad will require capital strengthening.

# Notes to the 2020 consolidated semi-annual report

## Consolidated statement of profit and loss for the period January 1 - June 30, 2020

Amounts in Suriname Dollars

	June 30, 2020	June 30, 2019
<b>Income</b>		
<b>Premium income</b>		
Life insurance	89,185,973	106,227,228
General insurance	156,167,761	148,811,334
Medical insurance	108,895,871	107,642,858
<b>Total premium income</b>	<b>354,249,605</b>	<b>362,681,420</b>
<b>Reinsurance premium</b>		
Life insurance	2,870,866	3,210,570
General insurance	46,013,866	43,962,446
Medical insurance	-554,123	1,529,875
<b>Total reinsurance premium</b>	<b>48,330,609</b>	<b>48,702,891</b>
<b>Net premium income</b>	<b>305,918,996</b>	<b>313,978,529</b>
<b>Investment income</b>		
Securities	11,891,892	12,606,225
Mortgages	5,770,461	6,868,967
Term deposits	23,414,510	23,717,583
Treasury bills	500,581	198,405
Loans	4,872,644	5,676,175
Other investment	659,307	905,872
Realized investment income	47,109,395	49,973,227
Unrealized investment income	-761,072	7,986,821
<b>Total investment income</b>	<b>46,348,323</b>	<b>57,960,048</b>
<b>Other income</b>	<b>1,508,974</b>	<b>1,378,254</b>
<b>Total income</b>	<b>353,776,293</b>	<b>373,316,831</b>
<b>Claims and surrenders</b>		
Life insurance	46,182,253	42,701,740
General insurance	36,233,601	45,948,789
Medical insurance	62,387,644	71,989,095
<b>Total claims and surrenders</b>	<b>144,803,498</b>	<b>160,639,624</b>



# Notes to the 2020 consolidated semi-annual report

## Consolidated statement of profit and loss for the period January 1 - June 30, 2020

Amounts in Suriname Dollars

	June 30, 2020	June 30, 2019
<b>Exchange rate differences investments related to insurance liabilities</b>		
Life insurance	-1,369,105	1,564,314
General insurance	342,247	46,441
Medical insurance	-	-
<b>Total exchange rate differences investments related to insurance liabilities</b>	<b>-1,026,858</b>	<b>1,610,755</b>
<b>Change in insurance related provisions</b>		
Life insurance	38,054,647	60,902,413
General insurance	28,930,695	23,655,684
Medical insurance	-8,578,990	6,437,766
<b>Total change in insurance related provisions</b>	<b>58,406,352</b>	<b>90,995,863</b>
<b>Operating expenses</b> (including acquisition costs)		
Salaries and other personnel costs	36,748,105	33,977,124
Social costs	8,609,891	8,293,268
Other expenses	31,130,742	22,067,473
Acquisition costs	18,497,666	17,480,612
<b>Total operating expenses</b>	<b>94,986,404</b>	<b>81,818,477</b>

# Independent Auditor's Review Report

**To: Shareholders, Board of Directors and Management of Assuria N.V.**

## **Our conclusion**

We have reviewed the accompanying consolidated interim financial information for the period January 1, 2020 to June 30, 2020 of Assuria N.V. based in Paramaribo.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information for the six-months period ended June 30, 2020 of Assuria N.V. is not prepared, in all material respects, in accordance with generally accepted guidelines on interim financial reports.

The interim financial information comprises:

- the consolidated statement of financial position as at June 30, 2020;
- the consolidated statement of profit and loss and the consolidated cashflow statement for the period from January 1, 2020 to June 30, 2020; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

## **Basis for our conclusion**

We conducted our review of the consolidated interim financial information in accordance with Standard 2410, "Review of interim financial information performed by the independent auditor of the entity".

A review of interim financial information in accordance with Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of Assuria N.V. as required by the independence rules relevant to audits of financial statements. We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Responsibilities of management for the interim financial information**

Management is responsible for the preparation and presentation of the interim financial information in accordance with generally accepted guidelines on interim financial reports. Furthermore, management is responsible for such internal control as it determines necessary to enable the preparation of the interim financial information that are free from material misstatement, whether due to fraud or error.

## **Our responsibilities for the review of the interim financial information**

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Standard 2410.

## **Our review included among others:**

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;

- Obtaining an understanding in the internal control, as it relates to the preparation of the interim financial information;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the interim financial information;
- Obtaining assurance evidence that the interim financial information agrees with or reconciles to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the interim financial information;
- Considering whether the interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Paramaribo, October 22, 2020

**For BDO Assurance N.V.**

w.s. R.D. Ferrier MSc CA RA

