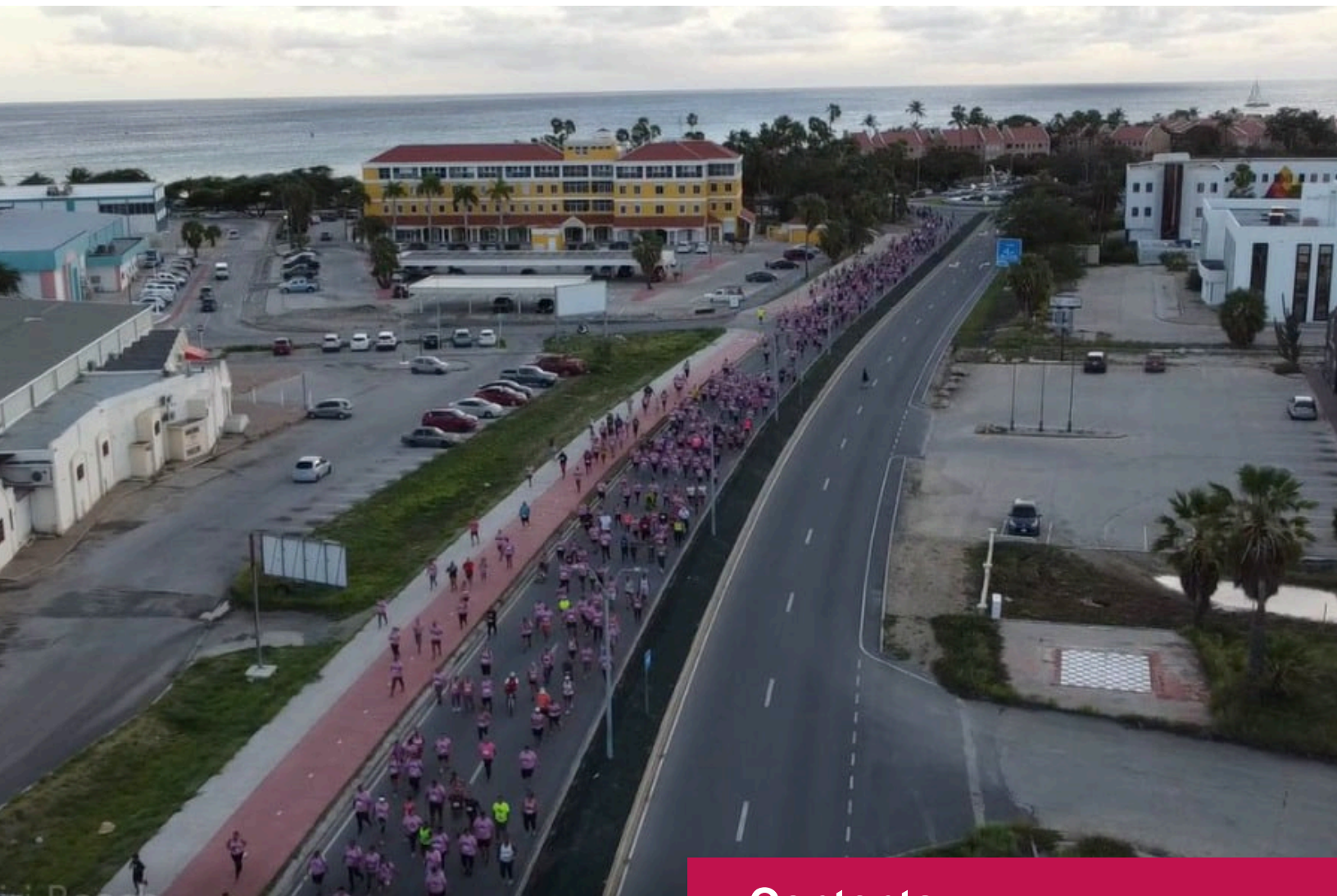




# Annual report

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## 2022



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## Foreword

In 2022, the Aruban economy continued its recovery from the effects of the COVID-19 pandemic. As most countries have eased or eliminated the pandemic related measures that restricted travel and trade, the tourism sector gained momentum and tourism income for Aruba improved significantly. With the recovery of economies, inflation came into play and is a factor that should be considered for the coming years.

The Bank continued with its initiatives primarily directed at investing in innovation and enhancing customer experience. The Bank was able to grow its market leadership position, while still providing aid there where needed to keep the economy going without taking unnecessary risks.

In line with the continued demand for the usage of online and mobile banking as well as self-service options fueled by the COVID pandemic, our main initiatives and investments still revolved around making banking easier, faster, and better for our customers.

As we continue to focus on steering the Bank into the future together with our customers, our employees, our partners, and stakeholders, we acknowledge the good results of 2022, which the Bank achieved, and we wish to express our genuine appreciation for the unwavering support and trust from all our stakeholders.

We look forward to continuing to count on their support in the coming years.



## Message from our Chairman

*(Bastiaan Guis-Chairman of the Supervisory Board)*

The Supervisory Board is charged with the supervision and advising of the Management Board. The corporate strategy, risk, and the internal control framework, amongst many other subjects, are discussed and assessed by the Supervisory Board in their meetings, which take place at least five times a year.

During 2022, the Supervisory Board continued to closely monitor the developments in the market, especially considering the effect of the global Covid-19 pandemic. A close eye was kept on solid ratio adherence, Portfolio Management, Risk, Compliance, Governance, Financial affairs, and Integrity. Despite the challenges felt worldwide, the Bank managed to maintain its leadership position and continued its efforts to assist those who needed it most.

The Supervisory Board has several committees in place, such as the Audit and Compliance Committee, the Nomination and Remuneration Committee, the Related Party Transactions Committee, the Board Credit Committee, and the Board Asset and Liability Management Committee, however it remains collectively responsible for the various tasks and responsibilities of each committee.

## In closing

After Mr. Peter Staal's departure as Managing Director in April 2022, Mrs. Els Avontuur was appointed as Managing Director and Chairperson of the Management Board, per August 1, 2022.

We thank Mr. Staal for his valuable contribution to the bank and welcome Mrs. Avontuur to the Aruba Bank family.

In addition, the Supervisory Board would like to express its heartfelt appreciation and gratitude towards Management and staff of Aruba Bank for their unceasing commitment and efforts.

On behalf of the Supervisory Board,

**Mr. B.W. H. Guis**  
**Chairman of the Supervisory Board**





## Message from our Management Board

### Introduction

In 2022, the Aruban economy continued its recovery from the effects of the COVID-19 pandemic. Aruba Bank has also seen a further improvement in performance of its business and personal banking customers, in line with the recovery of community activity as a whole.

In the first quarter of 2022 the acquisition of the assets and liabilities of FCIB Aruba was completed and we welcomed our new clients in a seamless manner, providing former FCIB clients with the same care and dedication that our existing clients are receiving. Amid the recuperation of the economies, the Bank found it opportune to move forward and to strengthen the partnership with sister Bank Orco Bank to together, be the preferred banking partner of our customers.

Aruba Bank's portfolio has increased with 10.5%. The portfolio as per 2022 is 1,606,366. Ongoing customer satisfaction surveys continue to show high scores resulting in an NPS score of 41 from January until December 2022. Our market share increased by 2.7% and reached 45.7%.

Our aim is to continue to serve our respective customers throughout a lifetime relationship with financial solutions that enable them to realize their ambitions and with that create prosperity and a sense of financial freedom and autonomy.



## Our Mission, Strategy, and Values

As a leading commercial Bank in Aruba, our business is building long-term relationships with our clients and stakeholders and to serve them throughout their lifelong ambitions and challenges. Our mission is to be their preferred partner, offering innovative, effective and customer driven solutions that enable our customers and partners to achieve financial freedom in a responsible and sustainable way, while creating shared value for the communities we serve.

We seek to empower our customers by enabling their financial autonomy and providing financial peace of mind, during a lifetime relationship. We want to accompany our clients in their moments of truth and actively seek their input. And to be able to realize this, we organize ourselves around core values, values we hold dear.

We strive to be professional, accountable, and innovative.

Our strategy is based on the following three pillars and the fundament of collaboration:

### We Deliver:

the best in banking and transactional services.

### We Care:

for our clients and for the society that we serve, with integrity and always striving for a golden license to operate.

### We Build

an organization with a culture of continuous improvement.

These three pillars are supported by the fundamental layer of:

### We Collaborate:

between departments, with our sister bank Orco Bank, and with stakeholders.





## Roadmap for the Future

Our roadmap for the future rests on the above-mentioned building blocks: We Deliver, We Care, We Build, We Collaborate.

This concept proved to be very valuable in the challenges we faced during the past three years. We have learned that caring, building, and delivering, together, with our sister Bank Orco Bank, our customers, our staff and with society at large will support us as we pave the way ahead.





## Financial position

The net loan portfolio (gross loan portfolio minus allocated loan loss provision) as at December 31, 2022 increased with 10.5% to 1.6 billion. The retail and corporate loan portfolio showed above market growth. Our overall market share increased with 2.9% and reached 45.7%, mainly as a result of the acquisition of the FCIB portfolio in February 2022. The Bank acquired 87.1 million in loan portfolio and 139.9 million in deposits from FCIB Aruba.

As a result of new investments in government bonds of Aruba, the investment securities increased with 24.8% to 382 million as per year end 2022.

Our financial position shows an increasing development in liquid assets (cash and cash equivalents and amounts due from banks), however due to a significant increase of the reserve requirement held at the CBA of 542 million as at December 31, 2022, the prudential liquidity ratio decreased from 34.4% as at December 31, 2021 to 24.4% as at December 31, 2022, still well above the minimum regulatory ratio of 18%.

The capital ratio at year-end 2022 stood at 32.2% (2021: 29.7%), which is also well above the minimum regulatory requirement (16%). The loan-to-deposit ratio is 59.0% at year-end 2022 (2021: 57.9%), below the regulatory maximum of 80%

## Financial results

The financial figures reflect hard work and dedication in a turbulent economic environment. All market segments in which the Bank operates made a positive contribution to the Bank's 2022 performance.





## Organization

## Network

Aruba Bank offers commercial and retail banking services to a wide variety of personal banking, commercial and institutional customers. The Bank continues to develop, innovate, and invest in products and services, at the convenience of their customers and the community. The focus is on offering new services and products enabling customers and stakeholder to realize their plans and ambitions in an easier and faster way.

## Staff

As a service providing institution the Bank strongly believes in the ongoing training and development of management and staff. As of December 31, 2022, our full-time staff numbered 271 (December 31, 2021: 269).



## Corporate governance

Aruba Bank is a company established under the laws of Aruba. The Articles of Association form the foundation from which the Corporate Governance Structure is derived. It is based on a two-tier governance structure consisting of a Management Board and a Supervisory Board.

## Bank policy and objectives

**The Management Board** is responsible for the setting and achieving of the Bank's strategy, objectives, and policies, and to ensure that the Bank is compliant with all relevant laws and regulations. The Management Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders.

**The Management Team** of Aruba Bank supports the Management Board in the execution of the strategy and policies of the Bank. It operates as a team together with the Management Board members to ensure alignment in achieving effectiveness, as well as overseeing individual areas of responsibility.

In 2022 we said goodbye to two of our management team members, Mrs. R.M.T. (Rocila) Acosta and Ms. B.I. (Barbara) Bronswinkel. We sincerely thank them for their years of commitment and services rendered to Aruba Bank. Due to these changes the responsibilities amongst the management team members are divided as follows as per December 31, 2022:

**Platinum, Insurance, and Corporate: Mrs. G.N. (Gina) Habibe - Arendsz**  
**Risk, Compliance and Human Resources: Mrs. N.M. (Nataly) Simmons - Thompson**  
**Finance and Operations: Mrs. M.C.C. (Marleen) van der Borgt**





## Corporate governance

## Corporate responsibility

Helping our community is at the heart of what we do. We have always supported community organizations. While we have seen a continued recovery of our community, we continue to focus our support to the most vulnerable.

In 2022 Aruba Bank entered a partnership with Qredits that has allowed us to promote financial literacy in Aruba and provide free BYOB (Be Your Own Boss) training to secondary (Mavo) school children across the island and enable them to meet and surpass their dreams and aspirations.

Through this partnership Aruba Bank shows its commitment towards the financial wellbeing of the Aruban community.

We assisted several foundations whose income was affected by the consequences of the pandemic. Aruba Bank and Koningin Wilhelmina Fonds Aruba signed an agreement to join forces for the “Walk and Run” with the goal to help the foundation to support Cancer patients and their families. The Bank also donated Hyundai Accent to Red Cross Aruba to help them reach a broader audience.

The Bank stimulated the adoption of digital technology at various schools, including Filomena College and St. Michael School as well as the incorporation of Syntropic Agroforestry into Prinses Amalia Elementary School's curriculum. We helped fund a wide array of children, youth, and veteran sports teams' uniforms and sporting goods. We promoted Aruban heritage and maintained our history and culture alive by sponsoring the production of the “Cas di Torto” (adobe house) documentary, a traditional technique of building the first homes in Aruba.

Our involvement in the areas of sports, art and culture, health and wellbeing, and education, allow us to continue to strengthen the community where our people live and work for the months and years ahead



## Outlook

The global COVID-19 health crisis as well as the Russian-Ukraine war have impact on the world economy and consequently on Aruba's economy, the depth of this however, remains still difficult to assess. For 2023 it is forecasted that despite a higher level of inflation, there will still be a favorable growth for the economy of Aruba, driven by a sustained recovery of tourism.

In these more favorable economic circumstances, Aruba Bank will continue to focus on maintaining its strong market position and will continue to invest in technological innovation as well as in its people and the organization, partnering with our clients, service providers, correspondent banking partners and regulators to create sustainable value.

Above all, we aim to continuously improve the quality of our products and services to our customers. This is the cornerstone of our continued long-term strong performance. During the past challenging years, Aruba Bank enjoyed enduring trust amongst all stakeholders. We do realize that the accomplishment of our objectives is only possible with the continued support of all stakeholders, for which we are truly grateful.

Above all, the unending dedication, commitment, and passion that our staff keeps on demonstrating towards our customers, makes us very proud and appreciative. We extend our sincere gratitude to each and every one of them.

**Sharon M. S. Fränkel - de Cuba**  
Managing Director

**Elisabeth (Els) G. H. Avontuur**  
Managing Director  
Chairman of the Management Board



## **Report of the Independent Auditor on the Abbreviated Consolidated Financial Statements**

### **Opinion**

The abbreviated consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of Profit or Loss and Other Comprehensive Income for the year then ended and related note(s), are derived from the audited consolidated financial statements of Aruba Bank N.V. ("the Bank") for the year ended 31 December 2022.

In our opinion, the accompanying abbreviated consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of the Bank, on the basis described in the summary of significant accounting policies.

### **Abbreviated consolidated financial statements**

The abbreviated consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the abbreviated consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of the Bank and our auditor's report upon it.

### **The audited consolidated financial statements and our auditor's report thereon**

We expressed an unmodified audit opinion on the consolidated financial statements 2022 of the Bank in our auditor's report dated January 30, 2023.

### **Management's responsibilities for the abbreviated consolidated financial statements**

Management is responsible for the preparation of the abbreviated consolidated financial statements on the basis as described in the summary of significant accounting policies.

### **Auditor's responsibilities**

Our responsibility is to express an opinion on whether the abbreviated consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of the Bank based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

**Aruba, January 30, 2023**  
**for Ernst & Young Accountants**  
**drs. R.J.W. van Nimwegen RA**

## Consolidated Statement of Financial Position

Assets	December 31, 2022	December 31, 2021
Cash and cash equivalents	308,231	527,049
Amounts due from banks	709,937	451,227
Investment securities	382,024	306,188
Loans and advances to customers	1,606,366	1,454,048
Other assets	39,342	35,422
Property and equipment	49,375	52,232
<b>Total assets</b>	<b>3,095,275</b>	<b>2,826,166</b>
<b>Shareholder's equity and liabilities</b>		
Shareholders' equity	466,421	405,530
Amounts due to banks	16,294	13,217
Deposits from customers	2,570,251	2,368,600
Other liabilities	42,309	38,819
<b>Total shareholder's equity and liabilities</b>	<b>3,095,275</b>	<b>2,826,166</b>



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2022	2021
Interest income	121,158	115,903
Interest expenses	(30,770)	(28,431)
<b>Net interest income</b>	<b>90,388</b>	<b>87,472</b>
Operating income	42,236	37,966
<b>Total income</b>	<b>132,624</b>	<b>125,438</b>
Operating expenses	(69,869)	(64,729)
Credit loss expense on financial assets	9,310	8,052
<b>Total expenses</b>	<b>(60,559)</b>	<b>(56,677)</b>
<b>Income before tax</b>	<b>72,065</b>	<b>68,761</b>
Tax expense	(11,001)	(12,483)
<b>Net income for the year</b>	<b>61,064</b>	<b>56,278</b>
Net (loss) / gain on investments at FVOCI	(173)	(51)
<b>Total comprehensive income for the year</b>	<b>60,891</b>	<b>56,329</b>

## Summary of significant accounting policies

The abbreviated consolidated financial statements are stated in thousands of Aruban Florins (Afl. 1,000) and are derived from the audited consolidated financial statements of the Bank which is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for the measurement of investment securities measured at amortized cost or fair value. The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates.