

# Annual Report

2023



# Contents

---

Foreword.....	3
Message from our Chairman of the Supervisory Board.....	4
Message from our Management Board.....	5
Independent Auditor's Report.....	14
Abbreviated consolidated financial statements.....	15



# Foreword

In 2023, the Aruban economy unveiled a layered and challenging, yet optimistic landscape, influenced by both global and local factors. Despite worldwide uncertainties and inflation, tourism, the cornerstone of our economy, thrived.

At Aruba Bank, our focus on delivering a top-tier banking experience never wavered. This year saw a significant reduction in non-performing loans, a record-breaking number of car loan approvals, and strong performance throughout our various loan portfolios. These accomplishments reflect the unwavering dedication and effort of our team.

Our dedication to enhancing customer experience and responding to their changing needs remained a key driver. We invested significantly in upgrading our digital banking platforms and self-service options, striving to make banking more seamless, efficient, and user-friendly for every customer.

As we look to the future, our resolve is strong to navigate the intricate economic landscape and embrace opportunities for growth. We offer our sincere thanks to all our stakeholders for their consistent support and trust as we journey together towards a thriving future.



# Message from our Chairman of the Supervisory Board

---

The Supervisory Board is charged with the supervision and advising of the Management Board. During the Supervisory Board meetings which take place at least 5 times a year, topics such as the Corporate Strategy, Risk, the Internal Control Framework, and many other relevant matters are discussed. Solid ratio adherence, Portfolio Management, Compliance, Governance, Financial affairs, and Integrity are also closely followed. In addition thereto, worldwide developments and local trends are always considered as part of the bank efforts to be ahead in support of its leadership position and to actively contribute to the wellbeing of the Aruban society.

The Supervisory Board has 5 sub-committees in place, the Audit 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*

In Mrs. E.G.H. (Els) Avontuur's absence due to medical leave, Mr. J. A. (Arie) Stam has been temporary appointed as Managing Director. Our thoughts and best wishes are with Mrs. Avontuur throughout this period.

Ms. Y.H.M. (Yvonne) Escalona was welcomed as a new Supervisory Board member as of December 1, 2023.

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. (Bastiaan) Guis  
Chairman of the Supervisory Board



## Message from our Management Board

As we navigated through 2023, the Aruban economy displayed a complex and challenging, yet promising landscape, shaped by both global and local forces. Despite the global uncertainties and inflationary pressures remaining a major concern for the global economy and Aruba, tourism the main driver of the economy, showed continued growth resulting in an expansion in real GDP. This growth trajectory capitalized on not only sustained increase in stay-over visitors, but also on a continued high level of tourism spending per night.

We remained dedicated to delivering an exceptional banking experience to our customers. This year, we observed a notable reduction in non-performing loans, achieved a record-high in car loans, and maintained a robust performance across our loan portfolios. We are very pleased with our performance in 2023, which reflects the hard work and commitment of the Aruba Bank team.

Our commitment to enhancing customer convenience continued to be a driving force. We responded to the growing preference for digital banking solutions by focusing our initiatives and investments on improving and streamlining our online and mobile banking services, as well as our self-service options. Our aim has consistently been to make banking more accessible, efficient, and user-friendly for all our customers.

As we look ahead, our commitment remains steadfast towards navigating these complexities and capitalizing on opportunities for growth and stability. We continue to focus on adapting to changing economic conditions. Our gratitude goes to all stakeholders for their unwavering support and trust as we collectively steer towards a prosperous future.

### The Management Board

Oranjestad, Aruba,  
January 29, 2024

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

**S.M.S. (Sharon) Fränkel – de Cuba**  
Managing Director

**J.A. (Arie) Stam**  
Managing Director



## *Our Mission, Strategy, and Values*

As Aruba's premier commercial bank, our commitment is to foster enduring relationships with clients and stakeholders, supporting them in achieving their lifelong goals. Our aim is to be the go-to partner, providing innovative and customer-centric solutions for financial independence in a responsible and sustainable manner, benefiting the communities we serve.

We focus on empowering our customers, ensuring their financial freedom and peace of mind through a lifelong partnership, valuing their insights and experiences. Our core values - professionalism, accountability, and innovation - guide our actions.

Our strategy is anchored on three key pillars, underpinned by a foundation of collaboration:

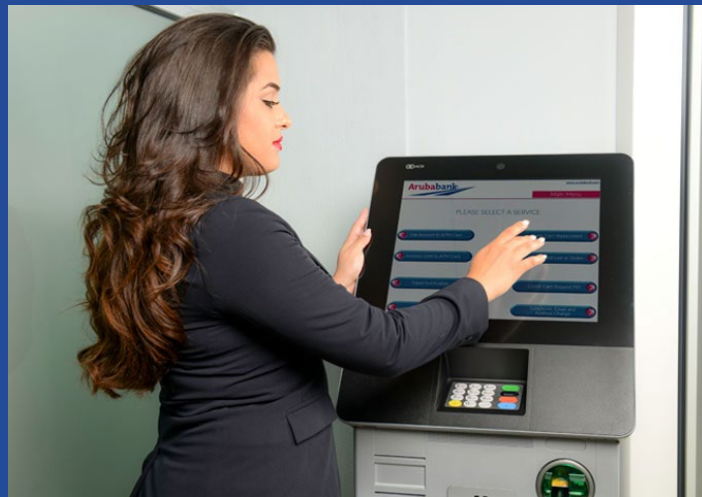
**We Deliver:** the best in banking and transactional services;

**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 trust and continuous improvement.

Collaboration is crucial across our departments, with our sister bank Orco Bank in Curaçao, Bonaire, and Sint Maarten, and among our customers and stakeholders. Our future strategy builds on this principle, embracing collaboration as a cornerstone.

This approach has been instrumental in overcoming challenges, reinforcing our belief that joint efforts in caring, building, and delivering will lead us forward.



## *Economic and Market conditions*

Aruba's economy witnessed robust recovery in 2023, driven primarily by strong tourism demand. Both the number of visitors and the average spending per night increased compared to 2022. The United States continues to be Aruba's primary market, followed by the Netherlands, Canada, and Latin America. Despite inflationary pressures, expanded tourism and subsequent domestic demand improvements boosted consumption. Although Aruba's inflation seems to be slowing down, with a 12-month average of 1.7%, subsistence levels remain high, creating a challenging cost of living situation on the island.

Headline inflation is gradually diminishing in many countries due to lower food and energy prices, but core inflation remains elevated, influenced by high demand for services and tight labor markets. If inflation persists or stays elevated, there might be further tightening of monetary policies. While our main markets experienced stronger-than-anticipated growth in 2023, the outlook suggests that growth may be dampened by declining demand and inflation.

The Government of Aruba (GoA) is gradually reducing public debt and implemented tax reforms in 2023. Although the public debt-to-GDP ratio of Aruba is slowly improving, stubborn inflation hampers progress. In Q4 2023, the GoA refinanced the AWG 915.5 million financial assistance received during the pandemic into a loan with the Netherlands.

Aruba's financial sector remains resilient, with an increase in total loans, despite a decline in consumer credit as indicated by the latest consumer sentiment report. Following multiple reserve requirement (RR) hikes in previous years, resulting in a 2022 ratio of 25.5%, the Central Bank of Aruba (CBA) started a gradual decrease in the RR to 22.0% as of December 2023. As per the CBA, this was driven by official and international reserves at adequate levels and a decline in aggregated excess liquidity in the commercial banking sector.





## *Financial position*

The net loan portfolio (gross loan portfolio minus allocated loan loss provision) as at December 31, 2023 increased with 6.0% to 1,703,323.

As a result of new investments in government bonds of Aruba, the investment securities increased with 3.4 % to 395,016 as per year end 2023.

Our prudential liquidity ratio stands at 24.4% as at December 31, 2023, well above the minimum regulatory ratio of 18%.

The capital ratio at year-end 2023 is 24.6%, which is also well above the minimum regulatory requirement (16%).

The loan-to-deposit ratio is 59.9% at year-end 2023, which is well within 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 2023 performance. The profit before tax for the year 2023 amounts to 75,816 (2022: 72,065).

A significant increase in our loan portfolio, in our investment securities, and in the interest rates on the international market resulted in higher interest income.

Besides an increase in the total net interest income of 16.2%, the consolidated statement of profit or loss shows the following developments:

- Decrease in total net commission and fees income of 2.6% from 24,334 to 23,706, due to an increase in card related expenses.
- Our net result on financial transaction increased with 16.7% as a result of the recovery of the economy and increase in transactional business.
- Other operating expenses increased with 16.0% from 29,983 to 34,781 because of an increase in marketing activities, consulting expenses and significant investments in automation resulted in an increase in the automation and depreciation expenses.
- The personnel expenses increased with 4.1% to 41,523, due to an increase in our number of staff and salary increases due to compensation for increased cost of living.
- A net release on the credit loss expense on financial assets is 2,938 as a direct result of the decrease in our non-performing loans and recovery of the economy.



## *Corporate governance*

Aruba Bank is a company established under the Aruban law. 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.

**The Supervisory Board** is charged with the supervision and advising of the Management Board. During the Supervisory Board meetings which take place at least 5 times a year, topics such as the Corporate Strategy, Risk, the Internal Control Framework, and many other relevant matters are discussed. Solid ratio adherence, Portfolio Management, Compliance, Governance, Financial affairs, and Integrity are also closely followed. In addition thereto, worldwide developments and local trends are always considered as part of the bank efforts to be ahead in support of its leadership position and to actively contribute to the wellbeing of the Aruban society.

**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.







Ms. Scholliers

Mr. Mas

Mrs. Koffy-Croeze

Mrs. van der Borgt

Mrs. Leer-Semeleer

## Organization

At Aruba Bank we pride ourselves on our innovative approach and unwavering commitment to excellence. Our focus remains steadfast on delivering customer-centric services and driving strategic growth. As we continue to align our efforts with the bank's strategic objectives, including our commitment to embracing collaboration, we have made several adjustments and additions to our team.

New Roles and Collaborations:

**Mrs. G.N. (Gina) Habibe-Arendsz** has taken on the role of Business Relationship Strategist.

**Mrs. N.M. (Nataly) Simmons-Thompson** has been appointed as the new Chief Transformation Officer.

Both Mrs. Habibe-Arendsz and Mrs. Simmons-Thompson will be working collaboratively with Orco Bank and Aruba Bank, bringing a wealth of experience and insight to these positions.

Movements in Leadership in various crucial areas of our operations:

- **Mrs. E.J. (Edseline) Leer-Semeleer** is now the Head of Retail Banking and Insurance.
- **Mrs. F.G. (Wendy) Koffy-Croeze** has taken the role of Head of Operations and Cards.
- **Ms. K. (Kathy) Scholliers** stepped into the role of Head of Risk and Compliance.
- **Mr. R. (Ramon) Mas** has been appointed as Head of Corporate and Platinum Banking.

Each of these individuals brings unique skills and perspectives that are vital for our bank's continued growth and success.

**Continued Leadership:**

**Mrs. M.C.C. (Marleen) van der Borgt** continues to lead our Finance team. Her ongoing leadership and expertise remain integral to our financial strategies and operations.



Mrs. Habibe-Arendsz



Mrs. Simmons-Thompson



## Corporate responsibility

Supporting our community is a fundamental part of our ethos at Aruba Bank. Our longstanding commitment to aiding community organizations remains strong, especially as we observe the ongoing progress within our community.

In the year 2023, Aruba Bank steadfastly continued its initiative to enhance financial literacy in Aruba. This was achieved through our support of Qredits' "Be Your Own Boss" training program, designed for secondary school students across the island. This program plays a pivotal role in empowering these young individuals to achieve and even exceed their goals and aspirations.

In response to the escalating mental health needs in Aruba, exacerbated by the pandemic, Aruba Bank contributed a portion of the proceeds from our annual Walk and Run event to Respaldo, the institution for mental health care in Aruba. This donation underlines our recognition of the essential nature of mental health services in our community.

As the primary sponsor of the ATIA Annual Corporate Event, Aruba Bank reaffirmed its commitment to fostering innovation and leveraging the power of technology in the business sector. The event, themed "Now is the Future" convened key industry figures to discuss current trends and prospects in the corporate realm.

Aruba Bank also played a crucial role in the success of the Happy Parents Happy Children Conference. This initiative aims to empower families in our community, offering parents the tools and knowledge necessary to effectively guide their children through various developmental stages.

Our ongoing involvement in key areas such as sports, arts and culture, health and well-being, and education, has enabled us to continually reinforce and uplift the community in which our employees and clients reside.



# Outlook

---

Tourism remains the primary driver of GDP growth in 2024, with expectations that stay-over visitors and their expenditures will surpass 2023 levels. Projections for 2024 include growth in ADR (average daily spending), tourism credit, and overall investments, with several new projects anticipated. However, the impact of these projects is expected to be moderate. Despite these positive aspects, the financial sector outlook in Aruba poses challenges due to inflation and heightened competition.

Construction prices are projected to continue rising due to amongst others the implementation of BBO at the border. In terms of business perception, the short-term economic condition index improved as respondents foresee positive economic growth in the next 12 months. Respondents also reported an increase in the number of employees, average wage costs, and perceived gains in profit and sales. However, perceptions regarding investment and financing activities indicated that most respondents observed no significant change.

In response to these dynamic economic conditions, Aruba Bank is dedicated to maintaining its robust market presence. Our strategy includes continuous investment in harmonizing our people, processes, and technology. We remain committed to cultivating valuable relationships with our clients, service providers, correspondent banking partners, and regulators, all aimed at creating enduring value. Our foremost objective continues to be the enhancement of the quality of our products and services, which is fundamental to our long-term, consistent success.

The realization of our goals is deeply dependent on the ongoing support from all our stakeholders, and for this, we express our deep gratitude. The relentless dedication, commitment, and enthusiasm our staff displays towards our customers fill us with immense pride and appreciation. We extend our sincere thank you to each member of our team.



# 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 2023 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 2023.

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 2023 of the Bank in our auditor's report dated January 29, 2024.

## *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 29, 2024  
for Ernst & Young Accountants  
drs. R.J.W. van Nimwegen RA**



# Abbreviated Consolidated Financial Statement

## *Consolidated Statement of Financial Position*

	December 31, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	247.348	308.231
Amounts due from banks	667.219	709.937
Investment securities	395.016	382.024
Loans and advances to customers	1.703.323	1.606.366
Other assets	40.990	39.342
Property and equipment	47.674	49.375
<b>Total assets</b>	<b>3.101.570</b>	<b>3.095.275</b>
<b>Shareholder's equity and liabilities</b>		
Shareholders's equity	381.107	466.421
Amounts due to banks	4.989	16.294
Deposits from customers	2.672.352	2.570.251
Other liabilities	43.122	42.309
<b>Total shareholder's equity and liabilities</b>	<b>3.101.570</b>	<b>3.095.275</b>

# Abbreviated Consolidated Financial Statement

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

	2023	2022
Interest income	135.806	121.158
Interest expenses	(30.770)	(30.770)
<b>Net interest income</b>	<b>105.036</b>	<b>90.388</b>
Operating income	44.146	42.236
<b>Total income</b>	<b>149.182</b>	<b>132.624</b>
Operating expenses	(76.304)	(69.869)
Credit loss expense on financial assets	2.938	9.310
<b>Total expenses</b>	<b>(73.366)</b>	<b>(60.559)</b>
<b>Income before tax</b>	<b>75.816</b>	<b>72.065</b>
Tax expense	(11.455)	(11.001)
<b>Net income for the year</b>	<b>64.361</b>	<b>61.064</b>
Net gain/(loss) on investments at FVOCI	325	(173)
<b>Total comprehensive income for the year</b>	<b>64.686</b>	<b>60.891</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.