



ANNUAL  
REPORT  
2015



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# FOREWORD

Solid leadership, an exceptional brand, a pioneering spirit, and a dynamic workforce dedicated to delivering superior value to customers, were the foundation for another record year for Aruba Bank.

In 2015 we celebrated 90 years, nearly a century, of walking alongside the Aruban community, taking care of our clients' financial affairs during their lifetime.

We hereby express our sincere gratitude for the unwavering support and trust from all our stakeholders who have made us the eldest and most successful bank on the island, with a total market share of 40%.

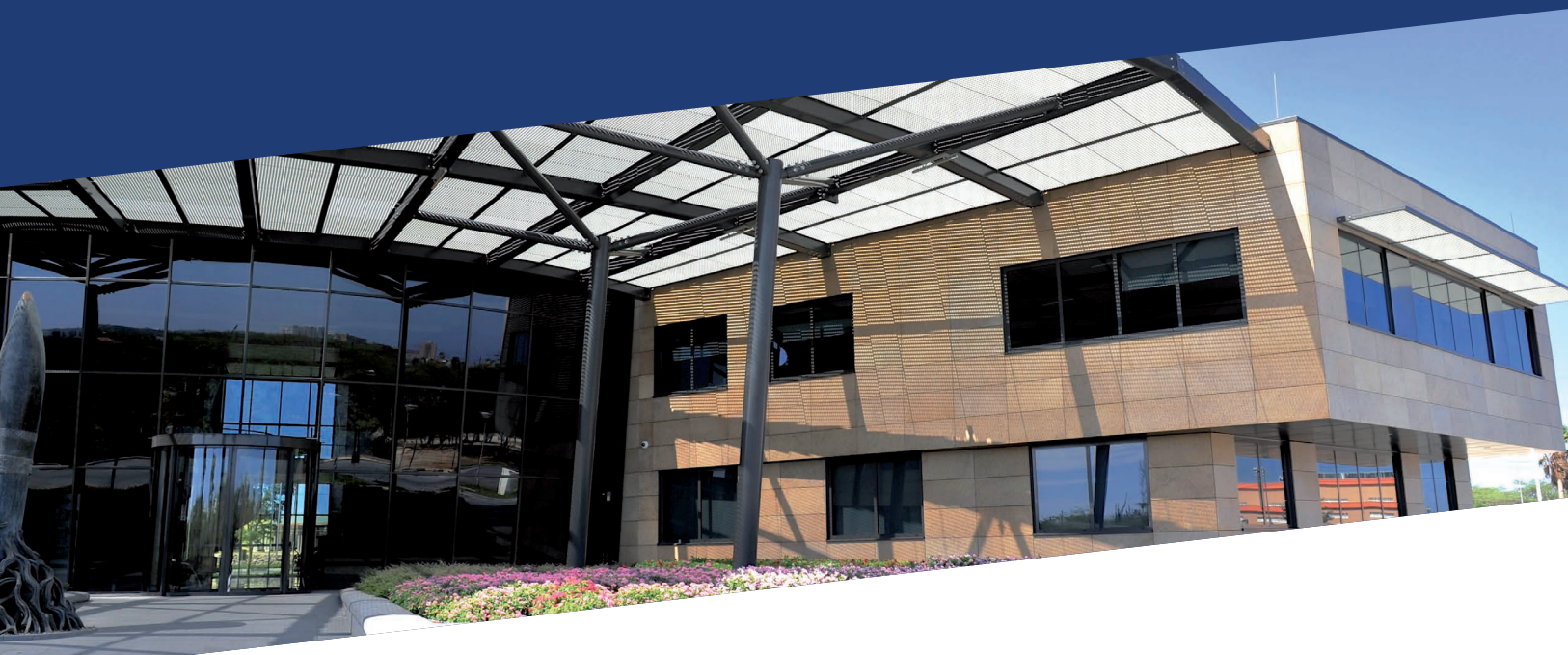
# MESSAGE FROM OUR CHAIRMAN OF THE SUPERVISORY BOARD



*Bastiaan Guis  
Chairman of the  
Supervisory Board*

During 2015, the Supervisory Board focused on the strategy of the Bank and all pertaining relevant matters including but not limited to Risk, Portfolio developments, Financial affairs, IT developments, Supervision, Marketing, Governance, and Compliance.

The major focus areas of the Strategic Plan 2016-2018 are the introduction of further automated solutions in support of Customer Service enhancement, expansion of Transactional services, controlled growth, Compliance and building an organizational culture of continuous improvement.



The Supervisory Board has five (5) committees, being the Audit and Compliance Committee (ACC), the Board Credit Committee (BCC), the Nomination and Remuneration Committee (N&RC), the Board Asset and Liability Management Committee (BALM), and the Related Party Transactions Committee (RPTC), who meet regularly to assure well-rounded and responsible decision-making in keeping with all relevant developments.

### **CHANGE IN COMPOSITION OF THE SUPERVISORY BOARD**

Mr. W.H. Guis was a member of the Supervisory Board up to November 24, 2015. We would like to extend our sincere appreciation to Mr. W.H. Guis for his valuable contributions and dedication to Aruba Bank since 1993 as a member of the Supervisory Board. After approval by the Centrale Bank van Aruba and his resignation as a Management Board member, Mr. J.A. Stam was appointed to the Supervisory Board as per November 24, 2015.

### **CHANGE IN COMPOSITION OF THE MANAGEMENT BOARD**

As per May 1st, 2015, Mr. C.M.C. (Michiel) Helfrich joined Mrs. Sharon Fränkel-De Cuba as Managing Director and Chairman of the Management Board. We look forward to drawing great benefit from his global expertise for the years to come. Mr. J.A. (Arie) Stam resigned effective November 24th, 2015. We would like to extend our sincere appreciation to Mr. Stam for his valuable contribution and dedication to Aruba Bank.

### **IN CLOSING**

The Supervisory Board would like to express their appreciation and gratitude towards the Management Board and staff of Aruba Bank for their continuous commitment and effort.

On behalf of the Supervisory Board,

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

# MESSAGE FROM OUR MANAGEMENT BOARD

## INTRODUCTION

Aruba Bank celebrated its 90th anniversary in 2015. We are proud to be the largest commercial bank in Aruba, which also comes with a high level of responsibility and firm commitment to ensuring stability, reliability, innovation, solid financial and operational performance, supported by a robust governance, risk and compliance framework.

In 2015, Aruba Bank continued to invest substantially in staff development, technology, our distribution network, and in the field of compliance and corporate governance. Aruba Bank has been able to record, once again, a profitable year, while our portfolios of client business showed stability and healthy growth in 2015.





## OUR MISSION, STRATEGY, AND VALUES

As a leading commercial bank in Aruba, our business is building great long-term relationships with our clients, thus benefiting all our stakeholders.

Our strategy is based on the following three pillars:

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

**We Care:** for our clients and for the society that we serve, with integrity;

**We Build:** an organization with a culture of continuous improvement.

This is supported by our values: reliable, professional, proactive, innovative and leadership.

## FINANCIAL POSITION

The net loan portfolio (gross loan portfolio minus allocated loan loss provision) as at December 31, 2015 increased with 1.8% to 1.2 billion.

The retail loan portfolio showed above market growth, while our corporate loan portfolio remained stable. Our overall market share continued at around 40%.

Our financial position shows significant growth in liquid assets, (cash and cash equivalents and amounts due from banks), thus leading to an improved prudential liquidity ratio as at December 31, 2015 of 23.0% (2014: 20.8%), well above the minimum regulatory ratio of 15%.

The capital ratio as year-end 2015 stood at 23.0% (2014: 22.7%), which is also well above the minimum regulatory requirement (14%). The loan-to-deposit ratio is 72.3% at year-end 2015 (2014: 77.1%), below the regulatory maximum of 80%.

## FINANCIAL RESULTS

A good overall performance in all markets was observed in 2015. All markets in which the Bank operates made a positive contribution to the Bank's 2015 performance. The profit before tax for the year 2015 amounts to 50 million.

## ORGANIZATION

### Network

Aruba Bank offers commercial and retail banking services to a wide variety of private, commercial and institutional clients. In 2015, the Bank added a new self-service location (Paradera Drive-thru) to its branch- and ATM network.

Substantial investments were made to upgrade our clients' services as well as internal processes.

### Staff

As a service providing institution, we continue to require highly skilled resources. The Bank strongly believes in the ongoing development of management and staff.

As at December 31, 2015, our number of staff remained stable at 273.



## 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 performs the execution of the strategy and policies, in consultation with the Management Board. It operates as a team with the Management Board members to ensure alignment in achieving effective execution, as well as overseeing individual areas of responsibility, as follows per December 31, 2015:

**Retail:** Mrs. R.M.T. (Rocila) Tromp - Acosta.

**Corporate:** Mrs. G.N. (Gina) Habibe - Arendsz.

**Risk and Compliance:** Mrs. N.M. (Nataly) Simmons - Thompson.

**IT and Operations:** Mr. M. (Marc) Kwaad.

**Finance:** Ms. M.C.C. (Marleen) van der Borgt.

**Human Resources:** Ms. B.I. (Barbara) Bronswinkel.





## CORPORATE RESPONSIBILITY

Aruba Bank has a major role to play in the society it serves. We do this, not only by taking our responsibility as a sound financial institution, but also by supporting numerous projects and initiatives, through charity, donations and sponsorships. These include events such as seminars on a wide variety of topics, the 'Good 4 the Neighborhood' project, the Caminata "Walk and Run" 2015, and our Charity Foundation, which is mainly focused on helping children and families in need. Many of our staff is engaged in these projects. Celebrating our 90 year anniversary in 2015, the Bank adopted a special sponsorship with the goal to restore the California Lighthouse, an important historical landmark of Aruba.

## OUTLOOK

Tourism is the basis of the Aruban economy, which has grown rapidly over the last decade. Over 1.5 million tourists per year visit Aruba. 2015 has seen further (modest) growth of tourism revenues.

Economic uncertainties are reflected in a cautious approach when it comes to investments and consumption in the private sector resulting in a slowdown in the general pace of economic activities.

In light of these developments, the bank has chosen for stable and selective growth in its lending portfolios, while maintaining stability in its financial ratios. Available indicators of the economy in Aruba show a mixed outlook for 2016, but no clear upturn in the general pace of economic

activities. As such, we are cautious in terms of the expected economic growth in Aruba. We anticipate a limited growth of the Corporate and Retail portfolios.

The Bank will continue to focus on maintaining its current market share while strengthening its funding base, further developing the internal organization, implementing new IT solutions, and on selective growth of our client business rather than seeking

significant volume growth. At the same time, we will continue to invest in improving the quality of our services to ensure high customer satisfaction and efficient delivery of these services.

We realize that the accomplishment of our strategic objectives is only possible with the continued support of all stakeholders including our dedicated staff whom we thank for their hard work, client focus and great commitment.

# ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS 2015

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2. Abbreviated consolidated financial statements.
  - 2.1. Consolidated statement of financial position as at December 31, 2015.
  - 2.2. Consolidated statement of income 2015.
  - 2.3. Significant accounting policies.



## **1. REPORT OF THE INDEPENDENT AUDITOR ON THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS.**

To the Management Board and Supervisory Board of Aruba Bank N.V.

### **INDEPENDENT AUDITOR'S REPORT.**

The accompanying abbreviated consolidated financial statements, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statement of income for the year then ended, and related notes comprising of significant accounting policies, are derived from the audited consolidated financial statements of Aruba Bank N.V. for the year ended December 31, 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 2, 2016. Those consolidated financial statements, and the abbreviated consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those 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, therefore, is not a substitute for reading the audited consolidated financial statements of Aruba Bank N.V.

### **Management's Responsibility for the abbreviated consolidated financial statements.**

Management is responsible for the preparation of the abbreviated consolidated financial statements, derived from the audited consolidated financial statements, on the basis described in the notes to the abbreviated consolidated financial statements.

### **Auditor's Responsibility.**

Our responsibility is to express an opinion on the abbreviated consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

### **Opinion.**

In our opinion, the abbreviated consolidated financial statements derived from the audited consolidated financial statements of Aruba Bank N.V. for the year ended December 31, 2015 are consistent, in all material respects, with those consolidated financial statements, on the basis described in the notes to the abbreviated consolidated financial statements.

Curaçao, May 18, 2016  
KPMG Accountants B.V.

Lindomar L.P. Scoop RA

## 2. ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Consolidated statement of financial position as at December 31, 2015

(Amounts are expressed in thousands of Aruban Florins)

Assets	2015	2014
Cash resources	464,617	423,944
Investments	189,892	148,250
Loans and advances to customers	1,216,124	1,194,323
Premises and equipment	65,523	59,758
Other assets	29,674	29,079
<b>Total assets</b>	<b>1,965,830</b>	<b>1,855,354</b>

Shareholder's equity and liabilities	2015	2014
Shareholder's equity	272,120	271,468
Due to other banks	12,101	8,570
Deposits from customers	1,624,012	1,505,594
Other liabilities	38,110	50,235
Subordinated debt	19,487	19,487
<b>Total shareholder's equity and liabilities</b>	<b>1,965,830</b>	<b>1,855,354</b>

### 2.2. Consolidated statement of income 2015

(amounts expressed in thousands of Aruba Florins)

	2015	2014
Result from banking activities	105,165	109,044
Other operating income	2,432	1,710
<b>Operating income</b>	<b>107,597</b>	<b>110,754</b>
Personnel, general and administrative expenses	(52,708)	(55,178)
Depreciation	(4,833)	(5,042)
<b>Operating expenses</b>	<b>(57,541)</b>	<b>(60,220)</b>
Net operating income	50,056	50,534
Profit tax	(13,404)	(14,361)
<b>Net income</b>	<b>36,652</b>	<b>36,173</b>

### 2.3. SIGNIFICANT ACCOUNTING POLICIES.

The principal accounting policies adopted in the preparation of these abbreviated consolidated financial statements are set out below. The notes are an extract of the detailed notes included in Aruba Bank N.V.'s statutory financial statements. The notes detailed below coincide in all material aspects with those from which they have been derived. In this report, the word Group refers to Aruba Bank N.V. and its consolidated subsidiaries.

#### Basis of preparation.

The full set of the consolidated financial statements of Aruba Bank have been prepared in thousands of Aruban Florins (Afl.) and in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared on the historical cost convention except for 'available-for-sale' financial assets, financial assets 'at fair value through profit and loss', and 'held-to-maturity' investments that are measured at fair value or amortized cost, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### Principles of consolidation.

The consolidated financial statements incorporate the financial statements of Aruba Bank N.V. and entities controlled by Aruba Bank N.V. (its subsidiaries). Control is achieved where Aruba Bank N.V. has the power to govern the financial and

operating policies of an entity so as to obtain benefits from its activities.

The consolidated financial statements include the assets, liabilities and results of operations of the following 100% subsidiaries (all incorporated in Aruba):

- Aruba Bank Onroerend Goed N.V.
- Aruba Bank Onroerend Goed II N.V.
- Aruba Bank Onroerend Goed III N.V.
- OHRA Hypotheekbank N.V.
- IBA Corporation N.V.
- IB Aruba Finance N.V.

#### Financial assets.

Financial assets are classified into the following specified categories:

1. 'held-to-maturity' investments;
2. 'available-for-sale' financial assets; and
3. 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### "Held-to-maturity" investments.

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method less any impairment.

### **‘Available-for-sale’ financial assets**

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) HTM investments or (c) financial assets at FVTPL.

The Group has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the Managing Directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

### **Loans and receivables.**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are initially measured at fair

value and subsequently at amortized cost using the effective interest method, less any impairment.

Loans and receivables are reported in the consolidated statement of financial position as loans and advances to customers. Interest on loans is included in the consolidated statement of profit or loss and other comprehensive income and is reported as ‘Interest income’. In the case of an impairment of the loan, the impairment loss is reported as a deduction from the carrying value of the loan and recognized in the consolidated statement of profit or loss and other comprehensive income as ‘Loan loss impairments, net’.

A loan is classified as doubtful when there is reasonable doubt as to the full collection of the loan and/or unpaid interest.

### **Allocated loan loss provision.**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected. An indication that a loan may be impaired is obtained through the Group’s credit review processes, which include monitoring customer payments and regular loan reviews at least every month.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that are likely to result from foreclosure less costs for obtaining and selling the collateral. Where possible, the Group seeks to restructure loans and receivables rather than to take possession of collateral. This may involve extending payment arrangements and/or new agreements with revised loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due and is considered an extinguishment of the original loan and is recognized as a new loan. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. These characteristics are relevant to the estimate of future cash flows for groups of such assets by being indicative of the debt holder's ability to pay amounts due according to the contractual terms of the assets being evaluated.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The impact of changes in estimates and recoveries is recorded in the consolidated statement of profit or loss and other comprehensive income.

# ARUBA BANK 90 YEARS

## CLOSE TO A CENTURY OF SERVICE AND DEDICATION

Aruba is my island, Aruba Bank is my Bank--Aruba ta mi isla, Aruba Bank ta mi banco.

Known as Aruba's pioneer Bank, we celebrated our 90th anniversary in 2015. This translates itself into nearly a century of service and dedication to our people and our community. We take pride in being the largest bank in Aruba, not only commercially, but also in value of contribution to the development of Aruba as a country.

Over the years Aruba Bank has transformed itself into a modern and progressive financial institution always preserving that innate Aruban hospitality and friendliness that has characterized us for many years. Our employees are always ready to give our clients and visitors the financial support and guidance, during each stage of their lives. Today, we continue under leadership of professionals who are well prepared and dynamic.



In addition to celebrating our 90th anniversary, we also recognized the 60th year of Aruba Bank's insurance services. All in all, 2015 was a remarkable year for all of us at Aruba Bank. We have remained Aruba's #1 commercial bank in Aruba. We saw the fruition of many developments, we inaugurated the new Paradera Drive-Through services, and we reached the highest point of the new Main Street Express Branch and the annexed Aruba Bank Plaza.

Internally we introduced the new online Anti-Money Laundering /Counter Financing of Terrorism Training, a complete new HR evaluation paperless project, we finalized the EMV/Chip (EuroPay Mastercard Visa) project for POS Terminals and ATMS, and we added additional Text banking features.



# INSPIRED AND ENERGIZED TO BUILD THE FUTURE

Aruba Bank's solid reputation as a service oriented, trustworthy, and professional financial institution, not only solidifies our position, and gives way to a high-quality presence in the market, it also allows us to draw inspiration and energy to build the future.

The pace of change in our sector is unprecedented, driven primarily by the growth in a variety of technologies that are changing the way we bank and transact. This new environment clearly creates challenges for us, but more importantly, it provides us with a unique opportunity to lead the sector and serve our clients through uncharted waters.

We have the foundation, the position, and most importantly, the people, the team, to do just that. Aruba Bank is inspired and energized to utilize its experience, its capabilities, and its talents to focus on its progress as a whole, and individually. Motivated to further advance its workforce, technology, and its product and services.



# OUR AMBITIONS

At Aruba Bank we take pride in working diligently to build relationships of trust with our clients and make our bank convenient for them. Together we shall move forward starting at the core of what we stand for at the bank.

We are committed to delivering the best in banking and transactional services, to carrying the responsibility to fully comply with all the official procedures governing banking in Aruba and in the world while making sure that we service and advise our customers in a responsible way, always with their best interest at heart, and to together build a culture of trust and continuous improvement.

We are focused on together building an organization that is passionate about continuously improving our way of working and adapting to the customer's needs and demands in order to satisfy and better service our customers.

