

# Annual report

2021

Arubabank

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## Foreword

The Aruban economy continued its recovery from the effects of the COVID-19 pandemic in 2021. Aruba Bank, the Bank, has also seen a further improvement in performance of its business and personal banking customers, in line with the recovery in community activity as a whole.

The Bank continued initiatives primarily directed at investing in innovation and enhancing customer experience, in 2021. The Bank was able to continue to maintain its leadership position, while still aiming at aiding where necessary to keep the economy going without taking unnecessary risks.

Amid the recuperation, the Bank found it opportune to move forward with a partnership with sister bank Orco Bank to be the preferred banking partner of our respective customers, offering innovative, effective and customer driven solutions that enable them to achieve financial freedom, in a responsible way, whilst creating shared value for the communities we serve.

As we continue to focus on steering the Bank into the future, with our customers, our employees, and our partners, we must also stop to acknowledge a highly satisfactory end result of 2021.

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

## of the Supervisory Board

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

During 2021, the Supervisory Board closely monitored the developments in the market.

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.

Due to the ongoing effects of the pandemic, the Supervisory Board continued to keep a close eye on solid ratio adherence, Portfolio Management, Risk, Compliance, Governance, Financial affairs, and Integrity.

We believe that the efforts made to assist those in need, while also maintaining the bank's leadership position reflect the bank's culture.

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. The Supervisory Board remains responsible for the various tasks and responsibilities of each committee.



### ***In closing***

The Supervisory Board would like to express its heartfelt appreciation and gratitude towards the Management Board and staff of Aruba Bank for their unceasing 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*

The Aruban economy continued its recovery from the effects of the COVID-19 pandemic.

We saw a steady decrease in the need of relief efforts for businesses and personal banking customers alike, nonetheless we continued to focus on offering our customers a superior experience, while ensuring that we remained compliant with requirements from a regulatory perspective as well as from a health perspective. The Bank continues to implement measures to ensure our offices and premises remain COVID-19 proof, while we actively stimulate and encourage the use of online banking and self-services.

Our main initiatives still revolved around making banking easier, faster, and better for our customers, as we continue the road to pre-COVID-19 levels.

The Bank's portfolio has decreased with 2.7%. The portfolio as per 2021 is 1,454,048. Ongoing customer satisfaction surveys continue to show high scores resulting in an NPS score of 50 from January until December 2021.

Our market share decreased slightly and reached 42.8%.

The full impact of this global crisis is difficult to assess, but we are confident that we shall overcome the challenges ahead if we stay committed to remaining professional, accountable, and innovative.



## ***Our Mission, Strategy, and Values***

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

Our strategy is based on the following four 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;

**We Collaborate:** between departments, with our sister bank Orco Bank, and with stakeholders.







## ***Roadmap for the Future***

Our roadmap for the future rests on four main building blocks, We Deliver, we Care, we Build, we Collaborate, our four (4) strategic pillars.

The last one, collaboration, was the latest addition and a focal point during 2021. Doing things together, as together we are stronger, has been cardinal for the bank during the peak of the pandemic as well as on the road to recovery. We have learned that caring, building, and delivering, together, with our customers, our staff and with society at large will support us as we pave the way ahead.

During the year we looked carefully at our vision and what we want to be:

The preferred partner, offering innovative, effective and customer driven solutions that enable our customers to achieve financial freedom in a responsible way, whilst creating shared value for the communities we serve.



## ***Financial position***

The net loan portfolio (gross loan portfolio minus allocated loan loss provision) as at December 31, 2021 decreased with 2.7% to 1,454,048.

The retail and corporate loan portfolio showed below market growth. Our overall market share decreased marginally and reached 42.8%.

As a result of new investments in government bonds of Aruba, the investment securities increased with 19.4% to 306,188 as per year end 2021.

Our financial position shows an increasing development in liquid assets (cash and cash equivalents and amounts due from banks), thus leading to a prudential liquidity ratio as at December 31, 2021 of 34.4% (2020: 31.0%), well above the minimum regulatory ratio of 18%.

The capital ratio at year-end 2021 stood at 29.7% (2020: 25.0%), which is also well above the minimum regulatory requirement (16%). The loan-to-deposit ratio is 57.9% at year end 2021 (2020: 65.2%), below the regulatory maximum of 80%.

## ***Financial results***

We have continued to see gradual improvement throughout 2021. The Financial figures reflect consistent, arduous work, and dedication.





## Organization

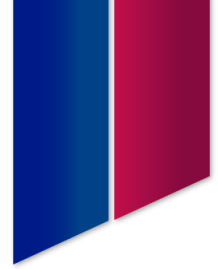
### *Network*

The Bank offers commercial and retail banking services to a wide variety of personal banking, commercial and institutional customers. The Bank continues to focus on new services to support customers in the face of setbacks of the pandemic.

In 2021 the Bank noticed enduring trust amongst all stakeholders. The Bank continues to develop, innovate, and invest in products and services, at the convenience of their customers and the community. In this respect we are proud that in 2021 our new online banking application as well as our new mobile banking app have been launched. We introduced our 2<sup>nd</sup> Drive thru Center, a new and modern self-service facility – in line with the concept of Fast & Easy Banking, at our Hato Branch. Customers can use multiple services from the convenience and safety of their car, every day of the week. The new location offers:

- Three (3) [ATM Machines](#) to withdraw cash, change PIN, print mini statements, and do balance inquiries;
- One (1) Night Depository to facilitate local businesses with their cash deposits through the use of commercial deposit bags, both the ATMs and the Night Depository services are available 24/7;
- Two (2) [Smart Deposit Machines](#) available for Personal and Business cash deposits, which service is FREE of charge and accepts deposits of up to AWG 10K or equivalent in USD, available from 7 AM to 10 PM daily.

As a service providing institution the Bank strongly believes in the ongoing training and development of management and staff. As of December 31, 2021, our full-time staff numbered 269 (December 31, 2020: 275).



## **Corporate governance**

The 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.

Retail, Platinum, Insurance, and Corporate: Mrs. G.N. (Gina) Habibe - Arendsz

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

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

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

## **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 the 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 effective, as well as overseeing individual areas of responsibility, which are as follows per December 31, 2021:

## **Corporate responsibility**

Helping our community is at the heart of what we do. We have always supported community organizations.

While we have seen a steady recuperation of our community, we continue to focus our support to the most vulnerable.

Examples of ongoing support include the donations to the Red Cross and their Feminine Hygiene Products drive and ventilators donation for Ambiente Feliz, a special care home for mentally impaired members of our community.





We made financial contributions to support the Stimami Sterilisami Foundation, a cats and dogs' sterilization program, as well as the Luna Foundation, to help save stray dogs in Aruba.

Education stimulation was done by providing donations to various schools including OLV Fatima College's musical room and library.

Throughout the year the Bank supported numerous sports teams through the sponsorship of uniforms and sporting goods. We also helped support the personal development of clients of Respaldo Aruba, through volunteered, sponsored art programs.

Respaldo is a center for mental health in Aruba, which has served the increased need for mental health support since the COVID-19 outbreak.

Our involvement in these areas allow us to continue to strengthen the community where our people live and work for the months and years ahead.



## Annual report 2021

### Outlook

The economy is forecasted to record a growth in 2022 as it recovers from a 26% contraction in 2020. The growth path reflects tourism dynamics benefiting from market concentration in the US Northeast.

The Bank will continue to invest in technological innovation as well as in its people, the Bank as a whole, and our island. This dedication fits seamlessly with our goal to continuously improve. Particularly investments in further digitalization of our offering as well as investments in compliance and onboarding of new clients are to be expected. It is expected that in the first quarter of 2022 the acquisition of the assets and liabilities of FCIB Aruba will be completed. We are committed to welcoming our new clients in a seamless manner, providing former FCIB clients with the same care and dedication that our existing clients have come to expect. Lastly, the unending dedication, hard work and commitment our staff has demonstrated, is something we are proud of. We extend our sincere gratitude to each and every one of them.



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

### **Opinion**

The abbreviated consolidated financial statements, which comprise the summary of consolidated statement of financial position as at 31 December 2021 and a summary of the consolidated statement of 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 2021.

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 thereon. The abbreviated financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

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

We expressed an unmodified audit opinion on the consolidated financial statements 2021 of the Bank in our auditor's report dated 28 January 2022.

### **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.

## Abbreviated Consolidated Financial Statements

	December 31, 2021	December 31, 2020
<b>Assets</b>		
Cash resources	978.276	719.248
Investment securities	306.188	256.538
Loans and advances to customers	1.454.048	1.494.229
Other assets	35.422	34.316
Property and equipment	52.232	61.204
<b>Total assets</b>	<b>2.826.166</b>	<b>2.565.535</b>
<b>Shareholder's equity and liabilities</b>		
Shareholder's equity	405.530	349.201
Amounts due to banks	13.217	10.061
Deposits from customers	2.368.600	2.170.557
Other liabilities	38.819	35.716
<b>Total shareholder's equity and liabilities</b>	<b>2.826.166</b>	<b>2.565.535</b>



## Consolidated Statement of Profit or Loss and Comprehensive Income

	December 31, 2021	December 31, 2020
Interest income	115.903	120.341
Interest expenses	(28.431)	(30.244)
<b>Net interest income</b>	<b>87.472</b>	<b>90.097</b>
Operating income	37.966	27.983
<b>Total income</b>	<b>125.438</b>	<b>118.080</b>
Operating expenses	(64.729)	(65.429)
Credit loss expense on financial assets	8.052	(28.587)
<b>Total expenses</b>	<b>(56.677)</b>	<b>(94.016)</b>
<b>Income before tax</b>	<b>68.761</b>	<b>24.064</b>
Tax expense	(12.483)	(1.518)
<b>Net income for the year</b>	<b>56.278</b>	<b>22.546</b>

### Summary of significant accounting policies

These financial statements are prepared in accordance with criteria developed by management. Under these criteria, management discloses extracts from the consolidated statement of financial position and consolidated statement of income. These financial statements are derived from the audited consolidated financial statements of Aruba Bank N.V. and its subsidiaries for the year ended December 31, 2021 which have been prepared in thousands of Aruban Florins (Afl.) and in accordance with International Financial Reporting Standards.



## ***More Digital, More Customer Led***

We see ourselves being more digital, more customer-focused, but also more customer-led. Understanding our customers so well they will co-create with us is central to who we are.

We extended our video banking options for all our customers who wished to conduct their banking from their homes or offices, and we continued to invest in digital solutions for our customers to improve the customer experience at each touchpoint and during each interaction with our bank.

We inaugurated our 2<sup>nd</sup> Drive Thru Center at our Hato Branch, equipped with three (3) ATM Machines to withdraw cash, change PIN, print mini statement, and do balance inquiry, one (1) Night Depository to facilitate local businesses with their cash deposits through the use of commercial deposit bags, both the ATM's and the Night Depository services are available 24/7. Additionally, there are two (2) Smart Deposit Machines available for Personal and Business cash deposits, which service is FREE of charge and accepts deposits of up to AWG 10 K or equivalent in USD, available from 7AM to 10PM daily.

New self-services were also introduced at our financial kiosks at our self-service locations such as credit payments and fulfilling their standing order requests, allowing customers to conduct both during the week and on weekends until 10:00 pm.

While we are recuperating and still maintain all health standards in the Bank, we may continue to see reduced physical client interaction, but we will certainly be more focused on targeted client interaction, above all, more part of the society and the communities we serve.

The Bank 's efforts to continue to educate customers about the use of self-services – inparticular- Online Banking and Mobile App has continued throughout this year. Our aim is to get more customers to sign up and start using the Online Banking or Mobile app and experience and understand the ease, rapidness, and safety of conducting transactions using self-service options.





## ***Creating Value for the Communities we Serve***

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