Centrale Bank van Aruba

2025 FINANCIAL SECTOR SUPERVISION REPORT

President statement

This report marks the 14th edition of the Financial Sector Supervision Report, which coincides with the Centrale Bank van Aruba (CBA)'s 40th anniversary.

Since its establishment in 1986, the supervisory mandate has evolved into a comprehensive framework that encompasses banks, insurance companies, pension funds, investment companies, trust service providers, and money transfer companies, as well as the State Ordinance on the Prevention and Combating of Money Laundering and Terrorist Financing (AML/CFT State Ordinance), and the Sanctions State Ordinance 2006.

This report outlines the main supervisory activities undertaken during the year under review and highlights key developments within Aruba's financial sector.

The role of the CBA

As we reflect on four decades of central banking in Aruba, it is important to reiterate the key role central banks play in maintaining monetary and financial stability amid a global environment marked by elevated geopolitical tensions. The unprecedented risks ensuing from the geopolitical risks have never been as high as post-World War II according to some scholars and practitioners. Amid these turbulent times, the CBA plays a pivotal role in maintaining monetary and financial stability.

International developments

The geopolitical landscape in 2026 remains highly volatile. Geopolitical tensions driven by regional conflicts, particularly in the Middle East and Europe with the ongoing war between Russia and Ukraine, impacting energy prices and supply chains, shifting global alliances, and evolving sanctions regimes have created elevated uncertainty in the global economic outlook. The geopolitical tensions threaten to disrupt trade flows, dampen investor and consumer confidence, and increase financial market volatility, posing significant risks to global financial stability.

Simultaneously, the rapid technological innovations, including Artificial Intelligence (AI), continue to shape the global financial sector. Fintech and Bigtech integration into financial services require traditional banking models to adapt rapidly. These innovations bring undeniable opportunities for efficiency and inclusion, but also heightened risks in the areas of fraud, cybercrime, data-privacy, and vulnerabilities stemming from technological concentration.

Domestic developments

The domestic financial sector has remained highly resilient against external shocks, despite the heightened geopolitical risks that may potentially also affect Aruba's economy and herewith Aruba's financial sector. With a view to comply with international standards, the CBA has worked on several legislative proposals to further strengthen the regulatory and supervisory framework, including but not limited to the

drafting of a legislative proposal to strengthen the supervision on Virtual Asset Service Providers (VASPs), the AML/CFT and the Sanctions State Ordinances. Also, much work has been directed towards the further design of the market conduct legislation.

The New Chart of Accounts (NCoA) for the commercial banks will be implemented early 2027. The NCoA includes 54 appendices, a significant increase vis-à-vis the current 16 appendices of the Monthly Statement, and is also better aligned with the standards issued by the Basel Committee on Banking Supervision, and the international accounting standards as well as the IMF reporting standards. The NCoA will enhance the quality and granularity of monetary, prudential, and macroeconomic supervisory data. Reference is also made to section 3 for further details on the (upcoming) legislative and regulatory changes.

Resilience of Aruba's financial sector

Over the years, the CBA has taken decisive steps to strengthen the capital and liquidity buffers maintained by supervised institutions. These measures remain essential given Aruba's structural vulnerabilities, particularly its ultra-high dependency on tourism and the ensuing risks to financial stability.

In 2025, the commercial banks' aggregate solvency and liquidity ratios continued to exceed the CBA's minimum required prudential thresholds. Also, the insurance and pension fund sectors operated within the prudential parameters. These results underscore these sectors' strength to absorb significant economic shocks. Without prejudice to the aforementioned, the higher global volatility and the rise of cybercrime require a heightened level of vigilance. There is no room for complacency.

Fit for the Future

As we celebrate our 40-year anniversary, we also look ahead. The CBA continues to invest in its human capital, fostering a culture rooted in integrity, transparency, accountability, and innovation across all areas of responsibility. A central pillar of our strategy in coming years is the transition toward a more data-driven organization, leveraging advanced analytics to improve the quality and timeliness of supervisory analysis.

Conclusion

As the global landscape becomes increasingly complex and interconnected, the CBA remains resolute in its mandate. The heightened geopolitical risks, technological transformation, and emerging threats require constant vigilance and, where necessary, decisive action. On this 40th anniversary, we reaffirm our commitment in maintaining a sound, resilient, innovative, and reputable financial sector in support of sustainable economic growth.

Miriam M. Gonzalez
Interim President

Aruba, June 2026

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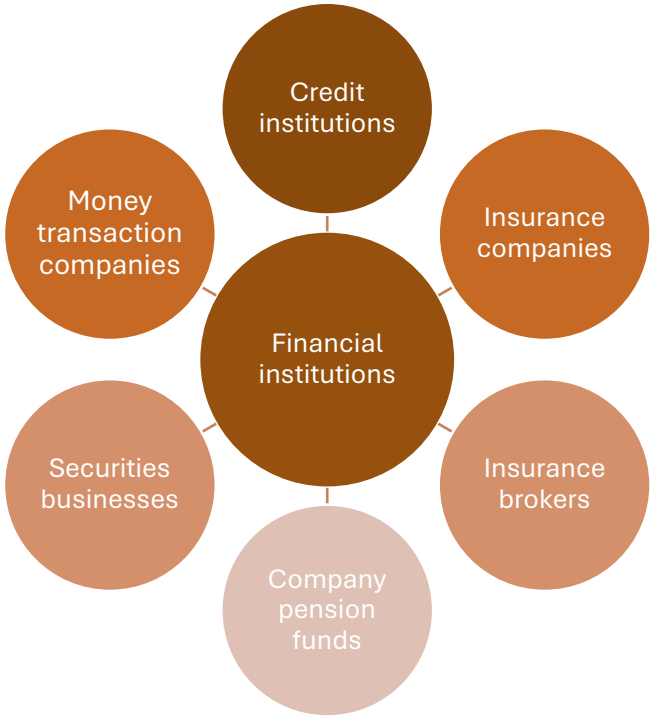
Section 1
Supervisory mandate and achievements in 2025 at a glance

1.1 Supervisory mandate

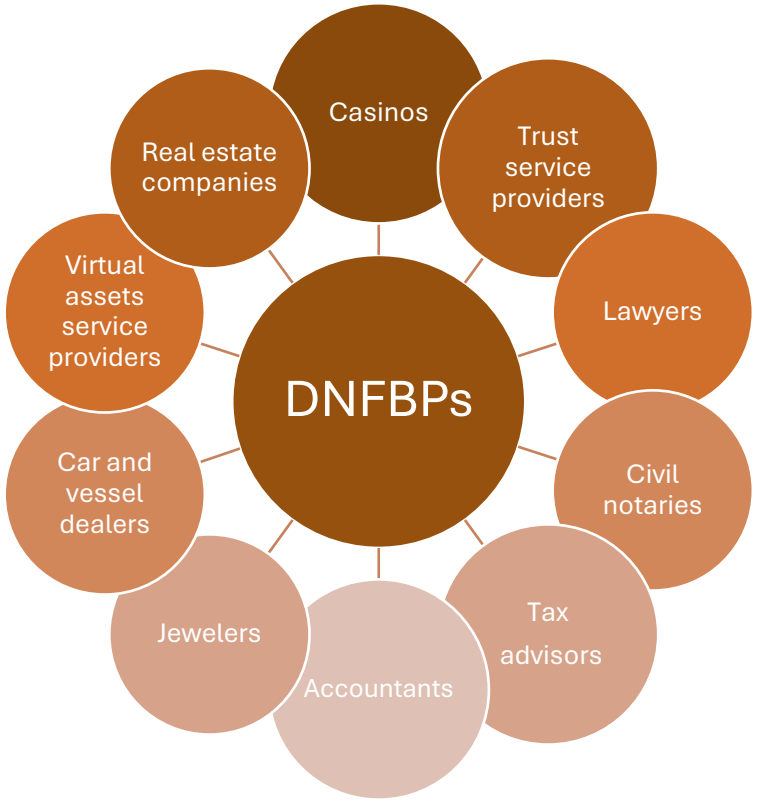
The CBA is tasked with the supervision and regulation of Aruba's financial sector. Pursuant to the sectoral supervisory state ordinances, the CBA supervises the following financial institutions (Figure 1.1).

Figure 1.1 Financial institutions



Furthermore, the CBA is also responsible for overseeing compliance with the State Ordinance on the Prevention and Combating of Money Laundering and Terrorist Financing (AML/CFT State Ordinance), and the Sanctions State Ordinance 2006. The AML/CFT/CPF oversight also extends to the so-called Designated Non-Financial Businesses and Professions (DNFBPs) (Figure 1.2). In addition, note that the trust service providers also fall under the State Ordinance on the Supervision of Trust Service Providers, which includes a strict licensing regime. Also, "key persons" of trust service providers are assessed against integrity and suitability criteria.

Figure 1.2 DNFBPs



1.2 Strategic plan: ANCRA DEN FUTURO

Towards the end of 2025, the new strategic plan 'Ancra den futuro' for 2026-2030, which means "Anchored in the future" was launched.

This plan re-affirms the CBA's commitment to its core values, as also reflected in its vision statement:

"The CBA inspires excellence: safeguarding financial stability through transformative innovation for a durable future."

and also directly relates to the CBA's core responsibilities:

- Monetary policy: maintaining the stability of the value of the Florin.
- Supervision: promoting financial soundness and integrity of the financial system.
- Payments: promoting efficient and reliable payment systems.

The supervisory goals identified in this plan are amongst other:

- Strengthening of the supervisory and AML/CFT/CPF laws;
- Implementing market conduct oversight;
- Strengthening of the solvency and liquidity regimes for banks and insurance companies; and
- Preparing for the next mutual evaluation by the CFATF of Aruba's AML/CFT/CPF framework.

Figure 1.3 highlights the primary operational achievements in 2025 in the supervisory domain.

Figure 1.3 Overview of the main supervisory achievements in 2025

Prudential Supervision Banks

- Contributed significant resources to the design and introduction of the New Chart of Accounts (NCoA) for the commercial banks;
- Carried out 2 onsite examinations in the area of IT oversight, specifically the management of outsourcing risk;
- Carried out 18 integrity and suitability assessments (see annex 7);
- Approved 3 petitions for a change in external auditor;
- Held bilateral meetings with representatives of the commercial banks;
- Held panel discussions to determine the internal risk rating of each credit institution; and
- Issued its first climate risk survey amongst the commercial banks.

Prudential Supervision Insurance Companies, Pension Funds & Investment Institutions

- Carried out 2 onsite examinations to assess the correctness of the Coverage Test Report (CTR) and the adequacy of the governance framework for investments;
- Carried out 13 integrity and suitability assessments (see annex 7);
- Approved 5 petitions for a change in external auditor and 1 petition for a certifying actuary.
- Held a bilateral meeting with representatives of the insurance sector; and
- Held panel discussions to determine the internal risk rating of each insurer and pension fund.

Integrity Supervision

- Carried out 5 on-site examinations in the areas of AML/CFT/CPF;
- Organized 4 information sessions, 3 sessions for the DNFBPs and 1 for the financial institutions;
- Held 1 meeting with the representative organization of the real estate sector;
- Conducted surveys to feed the sectoral and individual risk-assessments in the AML/CFT/CPF domain; and
- Conducted internal panel discussions to assess the internal risk ratings of the sectors, and institutions subject to the AML/CFT/CPF legislation and the Directive on Sound Business Operations (DSBO).

Enforcement, Market Entry, and Legal Advisory

- Granted 3 permissions for changes in the qualifying holding of supervised entities;
- Issued 1 license to operate as an insurance broker;
- Granted 15 dispensations to insurance brokers to perform brokerage services on behalf of their clients with insurance companies not domiciled in Aruba;
- Granted 1 dispensation to act as sales agent for an insurance company;
- Granted 1 dispensation to perform brokerage services on behalf of their clients with mortgage companies domiciled in Aruba; and
- Imposed 8 formal measures (see Annex 12) and issued 1 warning letter.

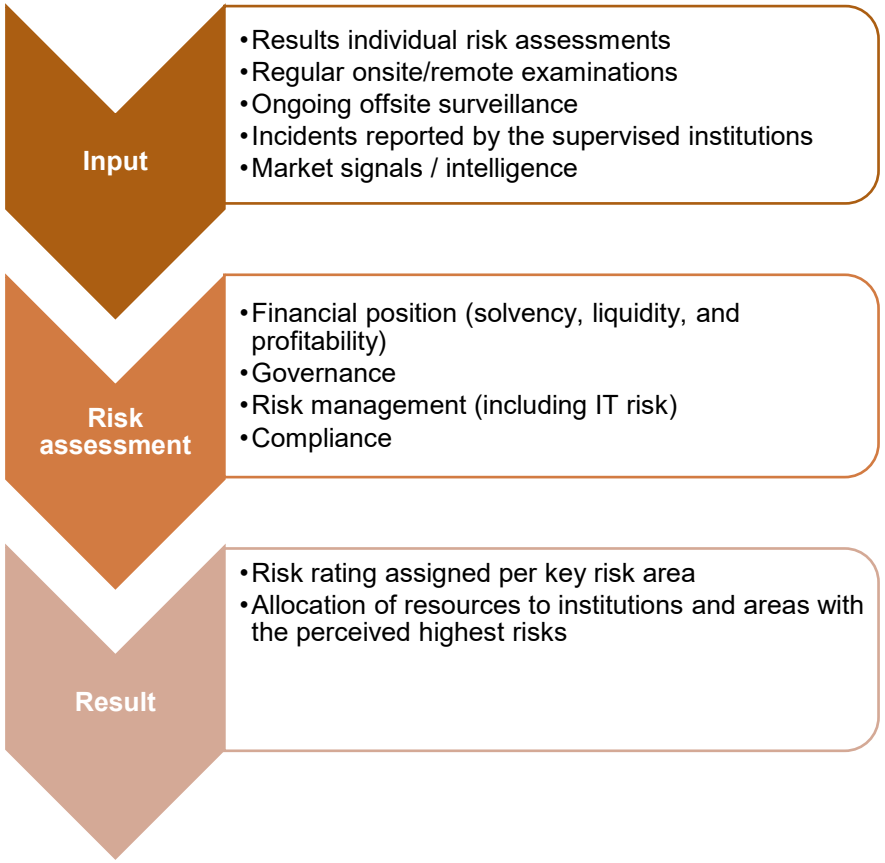
Section 2
Risk-based supervisory approach

Since 2017, the CBA has been applying a risk-based supervisory approach, allocating its scarce supervisory resources to institutions and areas with the highest risks. As part of its risk-based supervisory framework, the CBA strives to address the "root cause" of problems rather than treat the symptoms.

2.1 Risk-based approach for credit institutions, insurance companies and pension funds

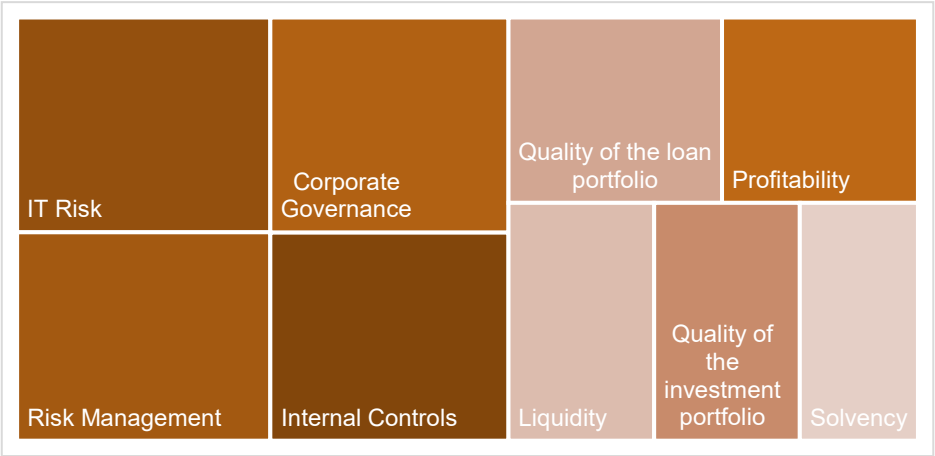
Figure 2.1 illustrates the key components of the CBA's risk-based framework for credit institutions, insurance companies, and company pension funds. Panel sessions are held to discuss the results of the yearly risk assessments performed. Based upon the discussions and conclusions drawn from these panel discussions, the internal risk ratings allocated to key risk areas (inter alia, financial position, governance, risk management, internal controls, compliance, and IT risk) of the institutions concerned are determined. The implementation of a risk-based approach has contributed to a more effective allocation of the scarce supervisory resources to the supervised institutions and areas with the highest risks, as identified by these risk assessments. Ongoing efforts are undertaken to further refine the risk-based approach.

Figure 2.1 **Key components of the risk-based supervision framework for credit institutions, insurance companies, and company pension funds**



Key risks identified for the supervised banks, insurers, and pension funds are corporate governance, risk management, quality of the investment portfolios, internal controls, and IT risk (see Figure 2.2). These risks are monitored on an ongoing basis by the CBA.

Figure 2.2 Tree map with key risks that the banks, insurers, and pension funds are exposed to



In 2025, due to resource constraints, the Prudential Supervision Department Banks (PSDB) conducted only two (2) targeted onsite examinations at credit institutions on the management of risks related to IT outsourcing, while the Prudential Supervision Department Insurance Companies, Pension Funds & Investment Institutions (PSIPI) carried out two (2) onsite examinations at company pension funds in the areas of solvency and investments.

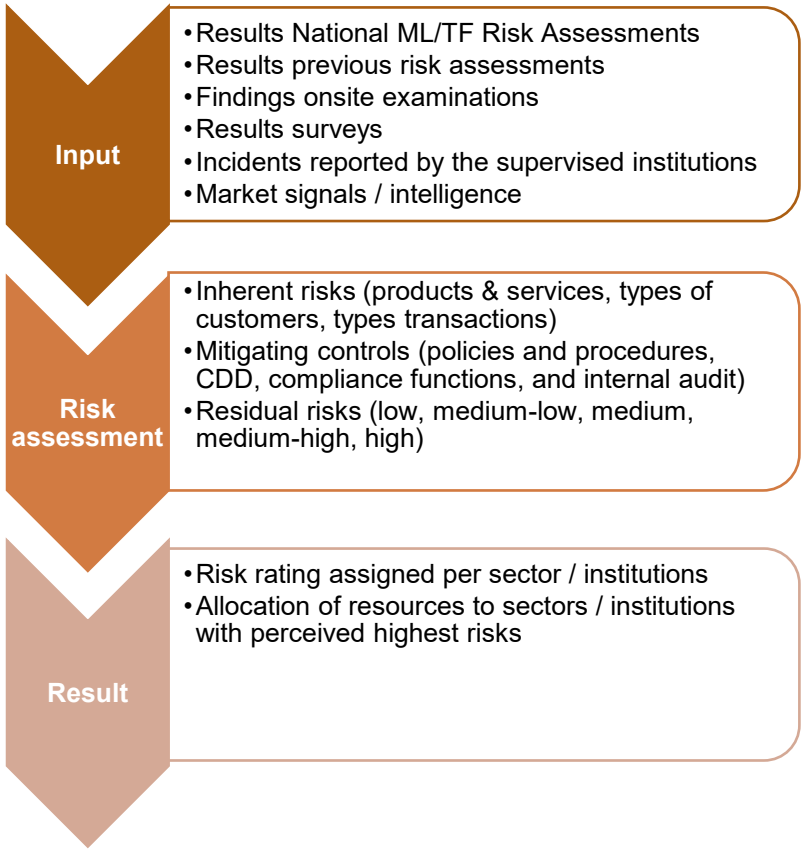
Furthermore, during the year under review, the CBA continued its offsite surveillance, which included desk reviews of the financial and regulatory reports that supervised entities are required to file periodically. In addition, the CBA held bilateral meetings with supervised financial institutions and their representative organizations. Together, the regular onsite examinations and offsite surveillance activities constitute the primary mechanisms through which the CBA fulfills its supervisory mandate.

2.2 Risk-based approach to Integrity Supervision

Similar to the approach to prudential supervision, a risk-based approach is also applied towards integrity supervision, including in the areas of AML/CFT/CPF and SBO[1]. Two key factors are considered when assessing risks, namely: (i) the inherent risks present specific to a supervised sector; and (ii) the effectiveness of existing controls employed to manage the identified risks (see Figure 2.3). The outcomes of the 2025 sectoral AML/CFT/CPF and DSBO risk assessments are presented in Annex 11.

[1] SBO supervision ensures that financial institutions have proper policies, procedures, and measures in place to manage integrity risks, including conflicts of interests, incidents, and other risks that may affect sound and ethical business operations.

Figure 2.3 **Key components of the AML/CFT/CPF and SBO risk-based supervision framework**



In 2025, the CBA also conducted surveys among supervised financial institutions and DNFBPs to feed the risk-based supervisory approach to AML/CFT/CPF. The information gathered from the surveys allows for an evaluation of the adequacy of the AML/CFT/CPF framework adopted by the institutions within the different sectors. In 2025, surveys were conducted among the following sectors: bank-like institutions, credit unions, life insurance companies, trust service providers (TSPs), pension funds, money transaction companies (MTCs), insurance brokers, and notary offices.

As part of its AML/CFT/CPF and SBO supervision, the CBA carried out five (5) onsite examinations throughout 2025: one (1) at a financial institution and four (4) among the DNFBPs. The selection was primarily based on the outcomes of the sectoral and individual AML/CFT/CPF and SBO risk assessments conducted, complemented by insights from the ML/TF/PF National Risk Assessments (NRAs) and market signals received.

2.3 Supervisory approach to IT Supervision

In the past few years, more emphasis has been placed on IT supervision as cybercrime is identified as one of the most significant emerging risks financial institutions face. While it is primarily the responsibility of each financial institution to manage cybersecurity risks, the IT Supervision Unit within the PSBD is tasked with overseeing compliance with the regulations issued by the CBA concerning technology risk management, business continuity management, and outsourcing arrangements. Through its oversight in the IT area, the CBA aims to raise awareness among financial institutions about IT risks, including cyber risks, and the importance of having solid frameworks in place to effectively mitigate these risks.

Section 3
Legislative and regulatory framework

3.1 Legislative framework

3.1.1 STATE ORDINANCE ON CONSUMER CREDIT

In June 2016, a proposal to regulate consumer credit was submitted to the Minister of Finance. The proposed legislation has the following objectives:

i. ensuring consumers are adequately informed before entering into a consumer loan agreement;
ii. establishing a limit on interest rates lenders may charge to consumers;
iii. countering over-crediting.

Additionally, this ordinance introduces amendments to the SOSCS and SOSIB, incorporating market conduct provisions aligned with international standards.

The draft state ordinance regulating consumer credit was approved by the Parliament of Aruba on June 3, 2022. It is awaiting the completion of the supporting secondary legislation as well as some amendments to the ordinance itself. The CBA has meanwhile established a separate unit within the Integrity Supervision Department that will be responsible for market conduct oversight. It is envisaged that the State Ordinance on Consumer Credit as well as the amendments to the SOSCS and SOSIB will enter into force in 2027.

3.1.2 DEPOSIT INSURANCE SCHEME

In May 2017, the CBA submitted a (revised) legislative proposal to the Minister of Finance to introduce a deposit insurance scheme (DIS) for the domestic commercial banking sector. The DIS aims to maintain confidence in the banking system, contributing to financial stability. The legal basis for the introduction of the DIS was established through an amendment to the SOSCS in December 2021. However, some additional legislative changes will have to be made based upon recommendations of the technical assistance mission of the 'De Nederlandsche Bank' (DNB).

The modalities and operations of the DIS will be regulated by state decree, while a foundation will need to be established to manage the funds of the DIS. This ordinance will enter into force once the required supporting secondary legislation is finalized. At present, the implementation of a DIS is envisaged for 2028.

3.1.3 STATE ORDINANCE BASIC BANK ACCOUNT

The draft State Ordinance Basic Bank Account drafted by the CBA was sent to the Minister of Economic Affairs on December 29, 2022. This legislative proposal aims (i) to promote financial inclusion of consumers by introducing a right to a basic payment account under certain conditions, and (ii) to reduce wholesale de-risking. The draft State Ordinance was sent to the Advisory Council ('Raad van Advies') for advice in October 2024. At the end of November 2024, the Advisory Council issued its advice. A response is being prepared by the Department of Legislation and Legal Affairs ('Directie Wetgeving en Jurdische Zaken').

3.1.4 VA/VASP LEGISLATION

Based on the recommendations of the Caribbean Financial Action Task Force (CFATF) - with regard to the regulation of virtual assets (VA) - as included in its 4th round Mutual Evaluation Report (MER), the CBA has drawn up draft legislation that entails the regulation of VA and virtual assets service providers (VASPs). The draft legislation, which is modeled after the European Markets in Crypto Assets Regulation (MiCAR), aims to establish a comprehensive legal framework for the supervision of VASPs.

Currently, only VASPs that either operate as a VA-wallet provider or a VA-exchange platform fall under the regulatory scope of the AML/CFT State Ordinance. In order to meet international standards, the CBA has drafted an amendment to the AML/CFT State Ordinance that aims to bring all VASPs under the scope of the AML/CFT State Ordinance.

3.2 Regulatory framework

Remaining up to date with ongoing changes in the international regulatory landscape is crucial to maintain a high degree of compliance with the standards set by international standard-setting bodies. Therefore, the CBA dedicates considerable effort to closely monitor the global developments in financial sector regulation and supervision, as well as in the AML/CFT/CPF standards.

3.2.1 PRUDENTIAL LIQUIDITY RATIO AND RISK-WEIGHTED SOLVENCY RATIO FOR CREDIT INSTITUTIONS

In order to enhance the resilience of the banking sector, and after having consulted the Aruban Bankers' Association (ABA), the CBA decided in 2024 to gradually increase the prudential liquidity ratio (PLR) from 18 percent to 20 percent. In 2025, the minimum prudential liquidity was set at 19 percent, while as of January 1, 2026, the minimum requirement is 20 percent. This decision was taken in view of the one-sidedness of Aruba's economy, the high degree of concentration in the funding base, and the international standards in this area issued by the Basel Committee on Banking Supervision.

3.2.2 NEW CHART OF ACCOUNTS (NCOA)

The NCoA will replace the current Monthly Statement that the commercial banks will have to fill out. The NCoA framework is based on principles issued by the International Monetary Fund (IMF), IASB, and the Basel Committee on Banking Supervision, and will provide the CBA with more granular and better monetary, prudential, and macroeconomic data. The CBA expects the NCoA to go live in 2027.

3.2.3 TECHNOLOGY RISK MANAGEMENT (TRM)

In 2025, the European Union's Digital Operational Resilience Act (DORA) came into effect, marking an important international development in the supervision of technology risks in the financial sector. DORA places strong emphasis on areas such as ICT governance, incident response, operational resilience testing, and oversight of third-party technology providers, reflecting broader global expectations for stronger digital resilience. The CBA will take the relevant DORA principles into account when updating the TRM policy paper, with due regard to the risks to which Aruba's financial sector is exposed to, thereby ensuring that the revised framework remains both practical and risk-based.

3.2.4 MINIMUM COVERAGE TEST RATIO FOR LIFE INSURERS AND COMPANY PENSION FUNDS

Due to the increasing size of the life insurance and pension fund sector, and in light of the fact that the current solvency framework does not take into account inter alia interest rate, longevity, and operational risks, the CBA, after having consulted the IAA and representatives from the company pension funds, decided in 2024 to gradually increase the minimum required Coverage Test Ratio (CTR) over the next few years (see Table 3.1).

Table 3.1 Changes to the CTR per sector

	Minimum required CTR for the Life Insurance sector	Minimum required CTR for the Company Pension Fund sector
January 1, 2025	102 percent	101 percent
January 1, 2026	104 percent	102 percent
January 1, 2027	106 percent	103 percent
January 1, 2028	108 percent	104 percent
January 1, 2029	110 percent	105 percent

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Section 4
Follow-up on CFATF MER of Aruba

This section outlines the recommended actions arising from the Fourth Round MER of Aruba, adopted at the CFATF Plenary on June 2, 2022, and subsequently published on July 14, 2022. The report evaluates Aruba's adherence to the FATF Standards in the area of preventing and countering financial crimes. It also highlights the main strengths and the areas requiring further enhancement within Aruba's AML/CFT/CPF framework.

4.1 CFATF Fourth Round MER of Aruba

In evaluating compliance with the FATF Standards, the Fourth Round MER assessed the effectiveness of the actions and measures taken by Aruba to deter and combat money laundering, terrorist financing, and proliferation financing. It confirmed that Aruba's AML/CFT/CPF framework is effective.

4.2 Recommendations stemming from the CFATF assessment & actions taken or underway

The MER sets out recommended actions[2] pertaining to both technical compliance and effectiveness findings, some of which fall within the CBA's supervisory realm. In response, the CBA developed a roadmap to remediate the identified shortcomings, with particular emphasis on Immediate Outcome 3 (Supervision) and Immediate Outcome 4 (Preventive measures).

An overview of selected recommended actions and the status of the key actions taken or currently underway with regard to Immediate Outcome 3 (see Figure 4.1) and Immediate Outcome 4 (see Figure 4.2) is presented below.

Figure 4.1 Recommended actions and status of actions taken by the CBA or underway related to Immediate Outcome 3 (Supervision)

RECOMMENDED ACTIONS FOR IMMEDIATE OUTCOME 3 (SUPERVISION)	ACTIONS TAKEN OR UNDERWAY
Implement a more systematic methodology for on-site examinations at financial institutions and DNFBPs.	**In progress** - The CBA's AML/CFT/CPF Risk-Based Supervision Methodology is presently under revision to introduce a more structured approach to on-site examinations and to further enhance the risk-based supervisory framework for financial institutions and DNFBPs.
Sustain the CBA's effort to implement a risk-based approach, fostering a clear understanding of the AML/CFT obligations and ML/TF risks among the financial institutions and DNFBPs.	**In progress** - The AML/CFT Handbook is currently being revised to reflect the statutory and regulatory amendments and to provide additional guidance on issues identified during on-site examinations. **Ongoing (recurring)** –The CBA continues to enhance its supervisory engagement through information sessions and (bilateral) meetings with the financial institutions and DNFBPs that fall under its AML/CFT supervision. In 2025, the CBA organized four (4) information sessions, comprising one (1) session for the financial institutions and three (3) sessions for various sectors within the DNFBP sector (see also Table 9.3 and Annex 9).Furthermore, one (1) bilateral meeting was held with the representative organization for real estate brokers.

[2] Source: CFATF's MER on "Anti-money laundering and counter-terrorist financing measures Aruba", July 2022.

Ensure that the CBA's onsite examination findings are provided to the financial institutions and TSPs in a timely manner.	**Ongoing (recurring)** - In 2025, due to resource constraints the CBA only conducted a total of five (5) on-site examinations in the area of AML/CFT/CPF. Of these, one (1) examination was carried out at a financial institution, being a pawn shop, whilst four (4) on-site examinations were conducted within the DNFBP sector, namely two (2) casinos and two (2) real estate companies (see Table 9.2).

Figure 4.2 Recommended actions and status of actions taken by the CBA or underway related to Immediate Outcome 4 (Preventive measures)

RECOMMENDED ACTIONS FOR IMMEDIATE OUTCOME 4 (PREVENTIVE MEASURES)	ACTIONS TAKEN OR UNDERWAY
Address the technical deficiencies affecting the implementation of effectiveness in relation to VAs and VASPs.	**In progress** – A legislative proposal is currently being drafted to, among other things, establish a prudential framework for VASPs and ensure alignment of the VASP definition with the FATF Recommendation 15.
Maintain consistent efforts to improve the level of compliance among the DNFBPs, particularly those in the higher risk sector and the credit unions that have yet to complete their ML/TF risks assessments and implement policies and procedures to mitigate the identified ML/TF risks.	**Ongoing (recurring)** – In 2025, the CBA conducted a total of five (5) information sessions and (bilateral) meetings, targeting the higher ML/TF risk sectors, along with the credit unions (see Table 9.3 and Annex 9). **Completed** – Based on the results of the 2025 AML/CFT/CPF questionnaire, the credit unions indicated that they have conducted a ML/TF/PF risk assessment and implemented policies and procedures to mitigate the identified risks.
Financial institutions and DNFBPs should continue to review and revise their policies and procedures, taking into consideration the findings of the NRA.	**Completed** –A survey was carried out to evaluate the progress made by supervised financial institutions and DNFBPs in implementing the required actions outlined in the 2021 ML/TF/PF NRAs.
Maintain consistent efforts to keep financial institutions and DNFBPs aware of their CDD, EDD, and record keeping obligations. Furthermore, continuous training and outreach should be provided to financial institutions and DNFBPs to ensure a good understanding of their reporting obligations and that unusual transaction reports (UTRs) filings are commensurate with the ML/TF risks.	**Ongoing (recurring)** – In 2025, the CBA conducted five (5) information sessions and (bilateral) meetings with the supervised financial institutions and DNFBPs, primarily focusing on sanctions and export controls, whilst also covering CDD, EDD, record keeping and reporting of unusual transactions. An overview of the main topics covered during the sessions/meetings held in 2025 is provided in Annex 9.
Promote sustained efforts in fostering financial inclusion within the existing AML/CFT framework and mitigating any potential ML/TF risks associated with it.	**In progress** – A legislative proposal for the introduction of a basic payment account was drafted. It is currently in the legislative process.

Additionally, to align some recommended supplementary actions with respect to Immediate Outcome 10 (TF preventive measures and financial sanctions) and Immediate Outcome 11 (PF financial sanctions), the CBA took the following measures (see Figure 4.3).

Figure 4.3 Recommended actions and status of actions taken by the CBA or underway related to Immediate Outcome 10 (TF preventive measures and financial sanctions) and Immediate Outcome 11 (PF financial sanctions)

	RECOMMENDED ACTIONS	PROGRESS OF CBA's ACTIONS TAKEN OR UNDERWAY
IMMEDIATE OUTCOME 11	Ensure that the UN designations are communicated promptly, in alignment with the FATF Standards and the requirements set out in the sanctions decrees.	**Completed** – Internal procedures were established to ensure the timely communication (within 24 hours) of new or amended sanctions laws and regulations to the financial institutions and DNFBPs. **In progress** – A sanctions guidance paper is currently being drafted to strengthen the awareness and compliance with national and international sanctions obligations among financial institutions and DNFBPs.
IMMEDIATE OUTCOME 11	Ensure that a PF supervisory framework is implemented, and further training and guidance are provided to all supervised financial institutions and DNFBPs, informing them of their obligations, as well as of evolving international developments and typologies.	**Completed** –In September 2024, the PF Guidance Note, which is applicable to all supervised financial institutions and DNFBPs, was updated to provide additional guidance on identifying and addressing PF red flags, threats and vulnerabilities. **In progress** – The revision of the AML/CFT Handbook is currently ongoing to incorporate the statutory and regulatory amendments in relation to PF, as well as to provide additional guidance on emerging risks in this domain.

4.3 Follow-up process

Following the positive result of the CFATF mutual evaluation of Aruba conducted in 2022, Aruba was placed under the regular follow-up process[3]. In August 2024, Aruba provided the CFATF Secretariat with a report outlining the progress made to address the technical compliance and effectiveness findings highlighted in its MER. In December 2024, the follow-up report of Aruba was presented at the 59th CFATF Plenary, convened in Jamaica. Aruba's Fifth Round of Mutual Evaluation is scheduled for 2030.[4]

[3] Following the discussion and adoption of a MER, the assessed country may be placed under either regular or enhanced follow-up. Regular follow-up is the standard monitoring mechanism for all countries. The enhanced follow-up, by contrast, entails a more intensive monitoring process and is applied where significant deficiencies with regard to technical compliance and effectiveness are identified in a country's AML/CFT framework. Countries subject to enhanced follow-up are required to report to the (C)FATF Plenary more frequently than those under the regular follow-up.

[4] Note that Aruba's Technical Compliance Questionnaire is due for submission in 2029 prior to the assessment team's on-site visit.

In preparation of this evaluation and in line with the FATF Standards, a new NRA has to commence on short term, taking into consideration that the NRA forms a critical element with regard to demonstrating effectiveness across the various FATF Immediate Outcomes criteria. In this regard, Aruba must assess the risks associated with each of the following areas: ML, TF, PF, VAs and VASPs, legal persons and legal arrangements, as well as non-profit organizations. Swift action is therefore required to enable a positive outcome of the next mutual evaluation of Aruba.

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Section 5
International developments

This section focuses on several significant international developments relevant to Aruba's legislative and regulatory framework. Staying abreast of ongoing changes in the international regulatory and supervisory landscape is of paramount importance to ensure ongoing compliance with the standards set by the international standard-setting bodies in the areas of financial sector regulation and supervision.

5.1 BCBS: Banks' interconnections with Non-Bank Financial Intermediaries

In July 2025, the BCBS published a report on Banks' Interconnections with Non-Bank Financial Intermediaries (NBFIs), mainly consisting of insurers, company pension funds, and other financial corporations, providing a detailed assessment of how banks and NBFIs are linked, the risks created by these relationships, and the data gaps that hinder effective monitoring. The report notes that NBFIs have continued to expand and evolve, increasing their importance within the global financial ecosystem and creating new channels of interconnectedness with banks. The document identifies several forms of linkages, including direct exposures through lending and investment activities, and operational relationships such as funding dependencies in market-based finance. The report also highlights significant data limitations that prevent supervisors from fully assessing these interconnections, calling for improved data collection and analytical frameworks. Overall, this publication underscores the importance of monitoring and understanding bank–NBFI linkages as the financial system becomes increasingly interconnected. During the last IMF Article IV Consultation discussions, it was noted that non-bank financial intermediaries like the Aruban life insurance companies and pension funds play a growing role in financing non-financial corporations.

5.2 BCBS: The Principles for the Management of Credit Risk

In April 2025, the BCBS published the Principles for the Management of Credit Risk, an update and modernization of the Basel Committee's long-standing guidance on how banks should identify, measure, monitor, and control credit risk. Originally issued in 2000, the revised principles reflect 25 years of market evolution, incorporating developments in the Basel Framework, advancements in risk management practices, and the emergence of new risk drivers. The document provides supervisory authorities with a structured framework to evaluate banks' credit risk management across four core areas: (i) establishing an appropriate credit risk environment, (ii) operating under a sound credit-granting process, (iii) maintaining effective credit administration and monitoring, and (iv) ensuring adequate internal controls. Enhancements include strengthened expectations for board and senior management oversight, updated guidance on due diligence and borrower assessments, and more rigorous standards for classification, measurement, and monitoring systems. Overall, the report reinforces the need for robust governance, strong risk culture, and proactive oversight to ensure banks remain resilient to evolving credit risk conditions, which represents one of the main risks for banks. These principles are also highly relevant for banks operating in Aruba.

5.3 BCBS: The Principles for the Sound Management of Third-Party Risk

In December 2025, the BCBS published a comprehensive framework for banks to identify, assess, and manage risks arising from their reliance on external service providers. As financial institutions increasingly outsource activities and engage with fintech partners, the Basel Committee highlights the growing importance of mitigating operational vulnerabilities that stem from digitalization and the concentration of critical services among a limited number of IT-service providers.

The guidance emphasizes that outsourcing does not diminish a bank's responsibility to maintain effective risk management, internal controls, and oversight. Instead, banks must ensure that third-party relationships are subject to robust due diligence, clear contractual arrangements, and ongoing monitoring. The principles also address broader operational dependencies, urging banks to understand interconnected risks across their supply chains and technological infrastructures.

In an era of rapid innovation and growing reliance on external providers, these principles help safeguard the safety and soundness of the global banking system by ensuring that banks remain accountable for all outsourced activities and third-party engagements. In line with these developments, the CBA has increased its supervisory focus on third-party risk management and outsourcing arrangements through onsite examinations in these areas. Examinations are guided by the CBA's Policy Paper on Technology Risk Management, which is currently being updated, as well as the CBA's Policy Paper on Outsourcing Arrangements.

5.4 IAIS: Guidance on transitioning to a risk-based solvency (RBS) regime

In June 2025, the International Association of Insurance Supervisors (IAIS) together with the IMF, published a guidance paper on transitioning to an RBS Regime. It provides practical advice for supervisors, especially in emerging markets, on implementing RBS regimes, drawing on experiences from 13 jurisdictions.

An RBS regime requires risk-aligned capital, supported by robust enterprise risk management (ERM), with proportional quantitative, qualitative, and disclosure elements. Objectives include enhanced policyholder protection, risk management, market development, inclusion, and stability.

Implementation involves local tailoring, strong governance, stakeholder engagement, cultural change, and a phased rollout (typically 5–15 years).

The CBA is committed to transition over time to an RBS regime, also with a view to comply with Insurance Core Principle (ICP) 16 (ERM for Solvency Purposes).

5.5 IAIS: Application paper on fair treatment of a wide range of consumers

In July 2025, the IAIS published an application paper on the fair treatment of a wide range of consumers. It supports the implementation of ICP 19 (Conduct of Business) to ensure fair outcomes for diverse populations, including vulnerable, underserved, disabled, or minority consumers at higher risk of unfair treatment or exclusion.

The paper emphasizes incorporating fairness in business culture, product design, distribution, sales, after-sales services, claims, and complaints handling, while balancing risk-based pricing and insurers' autonomy. These are all relevant topics in consideration of ICP 19 (Conduct of Business) as well as the CBA's upcoming mandate in this area (see also paragraph 3.1.1).

5.6 FATF: Targeted Update on Implementation of the FATF Standards on Virtual Assets (VAs) and VASPs

In June 2025, the FATF published its sixth targeted review on jurisdictions' implementation of Recommendation 15 concerning VAs and VASPs. In addition to identifying the key challenges and areas for improvement in assessing VA and VASP-related risks, this report also highlights the market developments and emerging AML/CFT/CPF risks related to the use of VAs by criminals.

The report notes that, since 2024, jurisdictions have made progress towards developing and implementing AML/CFT/CPF regulations and taking supervisory and enforcement actions in line with FATF Recommendation 15 (New technologies).

However, further effort is required to strengthen VA/VASP risk assessments, ensure effective licensing and registration frameworks, implement the Travel Rule[5], mitigate the risks posed by offshore VASPs, and address the increasing misuse of stablecoins by illicit actors.

The CBA fully recognizes the need for a robust regulatory and supervisory framework to effectively address and mitigate the risks associated with VAs and VASPs activities. Currently, not all VA and VASP activities, as defined by the FATF, are covered by the AML/CFT State Ordinance, while the existing definition of a VASP requires further alignment with the FATF definition. To this end, the CBA has drafted a legislative proposal to address the identified gaps.

5.7 FATF: Complex Proliferation Financing (PF) and Sanctions Evasion Schemes

In June 2025, the FATF released a report on PF and sanctions evasion schemes. The report reveals significant vulnerabilities in the global response to the financing of weapons of mass destruction and sanctions evasion. It also notes that significant gaps remain in jurisdictions' ability to counter such threats. Only a limited number of countries have so far demonstrated high effectiveness in implementing targeted financial sanctions under the relevant United Nations Security Council Resolutions.

The report further identifies increasingly sophisticated evasion typologies, including the use of intermediaries, complex ownership structures, VAs, and the misuse of the maritime and shipping industry. These findings emphasize the need for strengthened regulatory oversight and enforcement efforts, enhanced detection techniques, along with improved cross-border information sharing and international cooperation.

To address the emerging PF and sanctions evasion risks, and in response to the technical compliance and effectiveness findings in Aruba's CFATF MER of July 2022, the CBA revised its PF Guidance Note in 2024 to reflect the emerging PF threats. In addition, in 2025, the CBA organized a sanctions seminar for the supervised financial institutions and DNFBPs, comprising four (4) information sessions focusing on the topic of sanctions and export controls. Furthermore, the CBA is in the process of developing a sanctions guidance paper to address the increasing complexity of the sanctions regimes and to foster compliance with the national and international sanctions laws and regulations, including sanctions evasion risks. Additionally, the CBA is drafting a proposal to amend the current Sanctions Ordinance to address identified shortcomings in the ordinance, including those mentioned in Aruba's MER of July 2022 issued by the CFATF.

5.8 FATF: Comprehensive Update on Terrorist Financing (TF) Risks

In July 2025, the FATF published a report on the ongoing threats, vulnerabilities, and risks of TF within the global financial system. The report reveals that terrorist groups are increasingly utilizing both traditional cash-based methods and sophisticated digital instruments such as online payment services, social networks, mobile money platforms, and virtual assets to raise, transfer, and use funds for terrorist purposes. Factors like proximity to conflict zones, decentralized political environments, and tax regulation significantly contribute to the risk exposure to TF.

The report further indicates that traditional methods like cash movement, informal value transfer schemes, and manipulation of established banking

[5] The Travel Rule requires VASPs and other obliged entities to obtain, hold, and transmit required originator and beneficiary information when conducting VA transfers, and to make such information available to competent authorities where appropriate.

systems remain central to TF, even though their role is shifting towards smaller and less visible transactions.

Simultaneously, the misuse of legal structures like shell companies, trusts, and non-profit organizations enables the concealment of beneficial ownership and the transfer of illicit funds. Although the risks for TF in Aruba are considered in general low, continued supervisory attention will be given to this risk area to see to it that the safeguards in place at the financial institutions and DNFBPs remain appropriate in relation to their TF risk exposure.

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Section 6
National and international cooperation

6.1 National cooperation

In 2025, the CBA held periodic meetings with the Financial Intelligence Unit of Aruba (FIU-Aruba) to discuss matters of mutual interest in relation to integrity issues. In total, two (2) bilateral meetings took place, pursuant to the Memoranda of Understanding (MoU), which was signed with the FIU-Aruba in December 2011. Furthermore, three (3) bilateral meetings were held with the Public Prosecutor's Office (PPO) ('Openbaar Ministerie') in accordance with the MoU with the PPO, signed in May 2012.

The CBA also continued to hold periodic meetings with the representative organizations of the commercial banks and the insurance companies, i.e., the Aruban Bankers' Association (ABA) and the Insurance Association of Aruba (IAA). During these meetings, a range of topics were discussed, including, inter alia, the macroeconomic and monetary developments, IT risk supervision, and developments in the payments landscape. Also, the correspondent banking relationships (CBRs), along with the 2025 CGBS survey on CBRs in the regional financial sector.

In August 2025, the CBA chaired the Financial Investigation Partners meeting ("Financiële Opsporingspartners Overleg", FOP-overleg).[6] During this meeting, the CBA gave a presentation on its risk-based supervision of financial institutions and DNFBPs in the areas of AML/CFT/CPF and SBO.

6.2 International cooperation

As part of the cooperation arrangements within the Dutch Kingdom, the CBA has regular engagements through Technical Committee meetings with its counterparts, including DNB, the Centrale Bank van Curaçao en Sint Maarten (CBCS), and the Financial Markets Authority (AFM).

In 2025, the Technical Committee held two (2) meetings, in March and October. In the March meeting, topics discussed included, amongst other, the harmonization of the PEP definition, in particular with regard to the duration of retaining PEP status, and remote onboarding of clients. The October meeting addressed various typologies relevant to the supervisory authorities in the area of money laundering and other financial crimes. It also included a supervisory college, during which host and home supervisors exchanged views on a financial institution operating cross-border within the Caribbean part of the Dutch Kingdom.

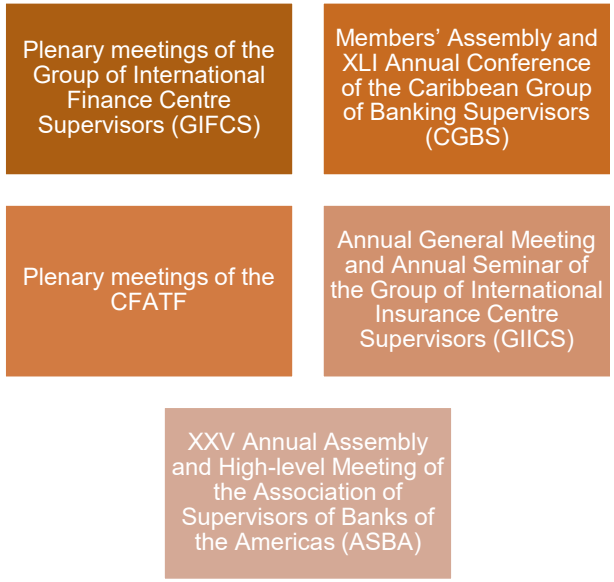
The CBA's participation in these meetings is based on the MoU signed between the relevant parties involved. Annex 4 provides an overview of the (M)MoUs concluded with foreign supervisory authorities.

[6] The FOP-overleg serves as a multi-agency platform aimed at enhancing effective cooperation between national law enforcement partners in the field of financial investigation. The FOP-overleg comprises representatives from various institutions in Aruba (e.g., FIU-Aruba, PPO, the Customs Authority, Fiscal Intelligence and Investigation Team, the National Internal Investigations Department ("Landsrecherche"), and the National Central Bureau for Counter-Terrorism, Security, and Interpol).

6.3 International supervisory forums

In 2025, the CBA actively engaged in multiple international supervisory groups and participated in a number of virtual and in-person meetings, as presented in Figure 6.1 below.

Figure 6.1 International supervisory forums attended by the CBA in 2025



Annex 5 outlines the key topics discussed during these meetings.

It is noted that as at the end of 2025, the CBA's Executive Director of Supervision and Enforcement was appointed as a member of the Board of ASBA for a two-year period, representing the Caribbean region in this supervisory forum.

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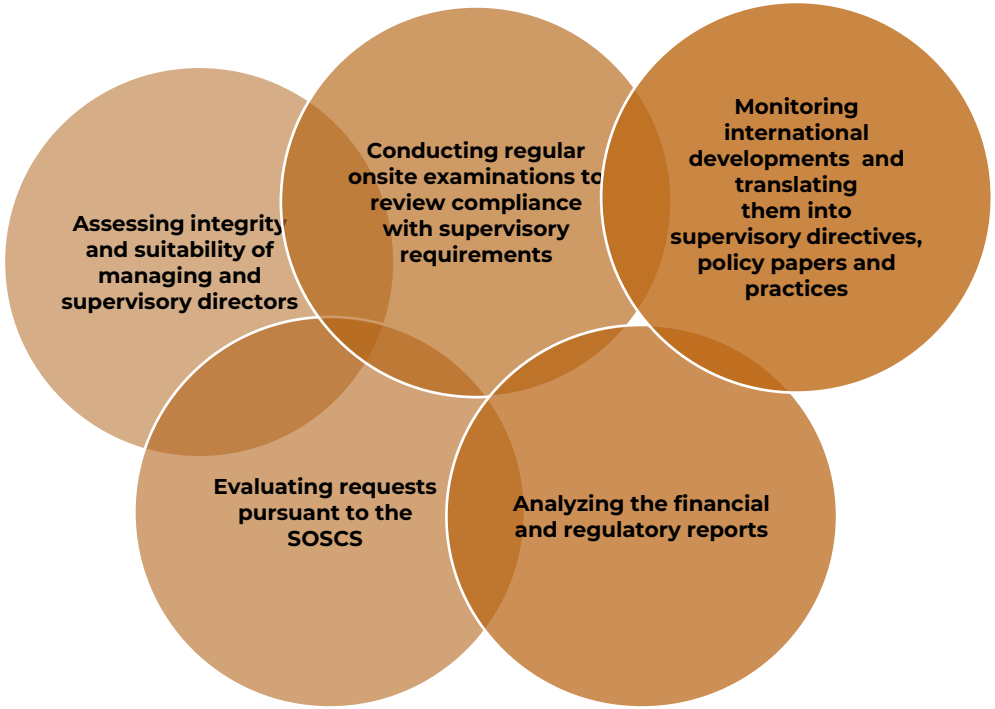
Section 7
Prudential Supervision Banks

The Prudential Supervision Department Banks (PSDB) assesses ongoing compliance with the State Ordinance on the Supervision of the Credit System (SOSCS) through offsite surveillance - including the analysis of financial and regulatory reports - and through regular examinations. In 2025, all supervised credit institutions continued to operate within the supervisory parameters established by the CBA.

The primary tasks and responsibilities of the PSDB are summarized in Figure 7.1.

Figure 7.1 Tasks and responsibilities of the PSDB



Aruba's financial sector relies heavily on information technology, which increases exposure to cyber threats, data breaches, and operational disruptions. PSDB is responsible for IT supervision across the banking sector, with a focus on evaluating the robustness of IT governance frameworks, the effectiveness of cybersecurity controls, and the adequacy of business continuity policies and procedures implemented by the banking institutions.

The PSDB closely monitors international developments in the areas of banking and IT supervision. When relevant to Aruba's regulatory environment, these developments are incorporated into supervisory directives or policy papers. In 2025, and in line with the aforementioned approach, staff members attended several (virtual) trainings on topics including corporate governance, the revised Basel Core Principles, stress testing, climate and environmental risks, and cybersecurity (see also Annex 14).

7.1 Offsite surveillance

In 2025, as part of its offsite surveillance activities, PSDB conducted several assessments, including the analysis of financial and regulatory reports submitted by supervised credit institutions and the evaluation of requests submitted pursuant to the SOSCS. These requests are primarily related to the appointment of key persons, changes in external auditors, and dividend distributions.

7.2 Onsite examinations

In 2025, due to resource limitations, the PSDB only conducted two (2) targeted onsite examinations. The examinations focused on the management of technology risks by the two (2) commercial banks, specifically the risks related to IT outsourcing. Table 7.1 offers an overview of the examinations carried out from 2023 to 2025.

Table 7.1 Onsite examinations conducted by the PSDB per sector between 2023 - 2025

Sector	2023	2024	2025
Commercial banks	4	2	2
Bank-like institutions	-	1	-
Credit unions	-	2	-
Total	4	5	2

As noted in Section 3.2.2, the PSDB has allocated a large part of its resources to the NCoA project, which is expected to significantly expand and enhance the current regulatory reporting framework. However, given the scale and resource demands of this project, PSDB was unable to carry out the planned number (5) of onsite examinations in 2025.

7.3 IT supervision

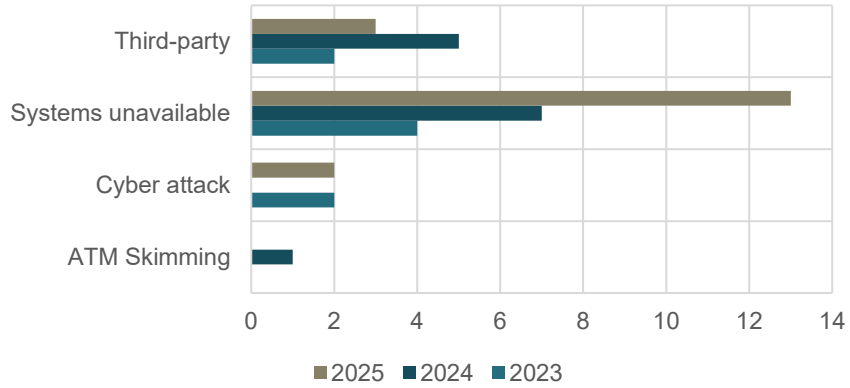
The CBA established the IT supervision function to strengthen oversight of technology-related risks that can affect the safety, soundness, and continuity of the financial sector. So far, supervisory efforts have primarily focused on the banking sector. The supervisory expectations are laid down in the Technology Risk Management (TRM) and the Business Continuity Management (BCM) policy papers. In practice, IT supervision focuses on whether institutions have appropriate IT-governance frameworks, safeguards, and recovery capabilities in place to prevent, withstand, and recover from IT disruptions, cyber events, and failures at external service providers. These expectations are applied proportionately, taking into account the size, complexity, and the risk assessment of each institution.

IT supervision maintains a forward-looking view of technology risk by monitoring worldwide IT and cyber risk developments and translating them into supervisory priorities. This includes observing how threats and technology use are changing and using those insights to select topics for examinations, offsite surveillance, and sector surveys.

In 2025, IT supervision continued its onsite program with a focus on the management of IT outsourcing risks. In parallel, the IT supervision commenced with the revising and updating of its TRM policy paper. Compared with the current TRM policy paper's more high-level structure, the draft update introduces three main changes: (i) clearer guidance on applying proportionality, while still meeting minimum expectations, (ii) wider coverage of day-to-day technology management, and (iii) clearer expectations for managing outsourced and cloud services. Furthermore, the proposed update includes the provision to extend the scope of the TRM policy paper to the insurance and company pension fund sectors, ensuring a consistent supervisory approach to IT-related risks across the financial sector.

Furthermore, pursuant to the DSBO, financial institutions are required to report to the CBA IT-related incidents within two (2) business days of becoming aware of such incidents. As shown in chart 7.1, incident trends indicate a clear shift toward operational resilience and availability risk. In 2025, incidents classified as "systems unavailable" increased sharply compared to 2023 and 2024, suggesting service stability challenges. Third party-related incidents continue to occur, highlighting ongoing dependency risk and the importance of effective vendor oversight, monitoring, and continuity arrangements. Reported cyberattack and ATM skimming incidents remained relatively low in comparison to previous years.

Chart 7.1 IT-related incidents by type between 2023-2025



The CBA intends to further strengthen its IT supervision framework by refining its supervisory methodologies in this area and advancing the modernization of the TRM policy paper. Additionally, the CBA plans to gradually expand the scope of the TRM policy paper to other segments of the financial sector. This expansion will follow a phased and proportionate approach, taking into account each sector's level of technology dependency, the criticality of the services provided, and the associated operational risks.

7.4 Passing on of the supervisory costs

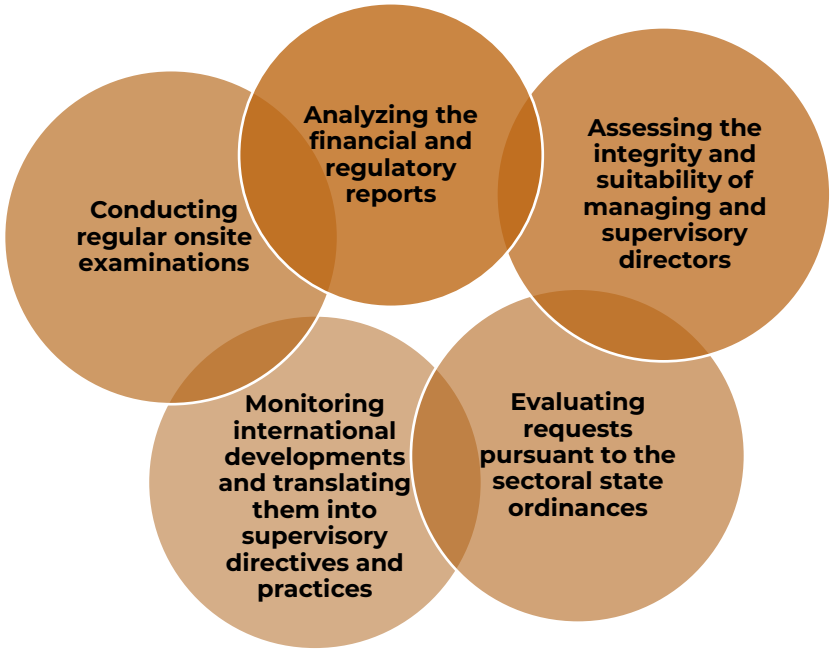
Pursuant to the various sectoral state ordinances and state decrees, the CBA may pass on the incurred supervisory costs, in full or in part, to the supervised entities. Annex 13 contains a breakdown of the supervisory costs passed on to the different sectors supervised by the CBA in 2025, including the banking sector.

Section 8
Prudential Supervision Insurers, Pension funds and Investment institutions

The Prudential Supervision Department Insurance Companies, Pension Funds & Investment Institutions (PSIPI) is entrusted with overseeing compliance with the prudential requirements laid down in the State Ordinances governing insurance companies, company pension funds, and investment institutions.

The primary tasks and responsibilities of the PSIPI are displayed in Figure 8.1.

Figure 8.1 Tasks and responsibilities of the PSIPI



The PSIPI assesses on an ongoing basis compliance with the supervisory laws and regulations governing insurance companies and company pension funds. This is executed through continued off-site supervision (including the performance of integrity and suitability assessments of proposed key persons) and regular on-site examinations.

Note that, so far, no collective investment institutions attracting funds from the public have been established in Aruba. Overall, the supervised insurance companies and company pension funds remained in compliance with the CBA's minimum prudential ratios during 2025. One insurance broker was unable to meet the minimum prudential requirements on an ongoing basis, which led to the revocation of its insurance brokerage license in 2025.

The PSIPI closely follows international developments in the area of insurance and pension supervision and, insofar as relevant for Aruba, translates these developments into supervisory directives or policy papers. In 2025, PSIPI staff attended multiple seminars in the area of insurance and pension supervision, including the NAIC/NIPR Insurance Summit, the GIICS/IAIS Regional Training Seminar, and the CARTAC Training on Virtual Assets Supervision (see also Annex 14). As of January 1, 2023, insurance companies that apply the IFRS accounting standards are required to implement IFRS 17 in their 2023 financial reporting. However, some of the supervised insurance companies continue to encounter difficulties in implementing the IFRS 17 standard. The CBA has given subject insurance companies additional time to implement said financial reporting standard.

8.1 Offsite surveillance

In 2025, as part of its off-site supervisory agenda, the PSIPI undertook several activities, including, inter alia, the analysis of the financial and regulatory reports submitted by insurance companies, insurance brokers, and company pension funds. Furthermore, PSIPI intensified its off-site supervision on the insurance brokers sector, as some of the players in the sector faced some challenges in remaining compliant with the reporting requirements imposed on them.

Also in 2025, PSIPI evaluated several requests for approval pursuant to the sectoral supervisory laws governing insurance companies and company pension funds. The requests relate mainly to the appointment of key persons and changes in external auditors.

In the year under review, PSIPI received eight petitions related to the appointment of key persons from insurance companies, three (3) from insurance brokers, and three (3) from company pension funds. As per year-end 2025, two (2) requests were still pending (see also Annex 7).

Additionally, seven (7) new petitions were submitted in 2025 for a change in external auditor: four (4) from insurance companies, one (1) from a company pension fund, and two (2) from insurance brokers of which two (2) were pending at end-2025 (see also Table 8.1).

Table 8.1 Petitions to approve a change in external auditor in 2025

Sector	Insurance companies	Company pension funds	Insurance brokers	Total
Pending as of January 1, 2025	-	-	-	-
New requests	4	1	2	7
Withdrawn requests	-	-	-	
Rejected requests	-	-	-	-
Approved	4	-	1	5
Pending as of December 31, 2025	-	1	1	2

In 2025, the CBA approved a change in the certifying actuary at a pension fund (see Table 8.2). There were no pending requests as per end-2025.

Table 8.2 Petitions to approve a change in certifying actuary in 2025

Sector	Life insurance companies	Company pension funds	Total
Pending as of January 1, 2025	-	-	-
New requests	-	1	1
Withdrawn requests	-	-	-
Rejected requests	-	-	-
Approved	-	1	1
Pending as of December 31, 2025	-	-	-

8.2 Onsite examinations

In 2025, due to continued resource limitations, PSIPI only conducted two (2) targeted examinations, both at company pension funds. Said examinations focused on the coverage test report, as well as the quality of investments. Table 8.3 provides an overview of the number of onsite examinations carried out by PSIPI between 2023-2025.

Table 8.3 Onsite examinations conducted by PSIPI per sector between 2023 - 2025

Sector	2023	2024	2025
Life insurance companies	-	1	-
Nonlife insurance companies	-	-	-
Company pension funds	1	-	2
Total	1	1	2

8.3 Passing on of the supervisory costs

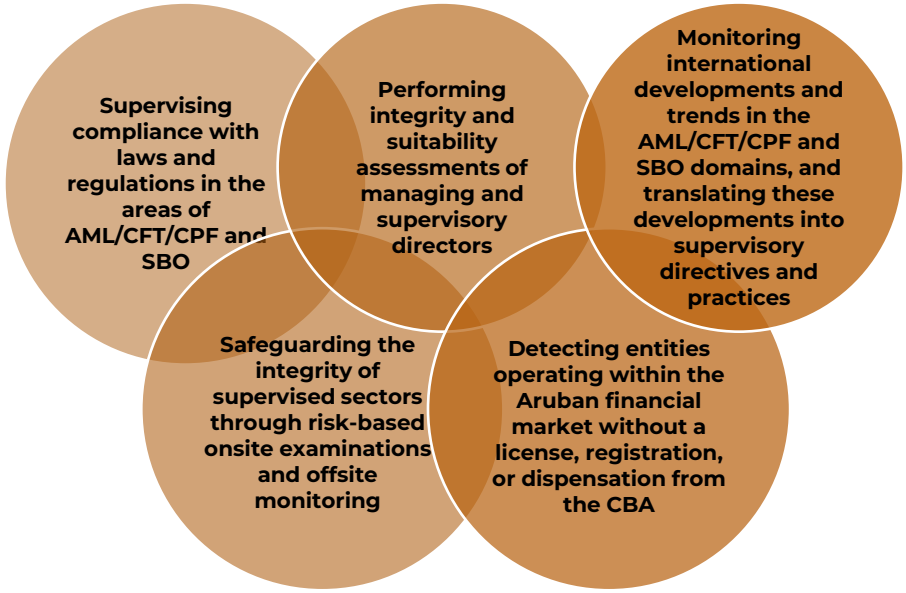
Pursuant to the various sectoral state ordinances and state decrees, the CBA may pass on the incurred supervisory costs, in full or in part, to the supervised entities. Annex 13 contains a breakdown of the supervisory costs passed on to the different sectors supervised by the CBA in 2025, including the insurance and pension fund sectors.

Section 9
Integrity Supervision

The Integrity Supervision Department (ISD) is tasked with monitoring compliance with the AML/CFT State Ordinance, Sanctions State Ordinance, and related sanctions state decrees relevant to financial institutions and DNFBPs. Furthermore, ISD is responsible for ensuring compliance with the sector-specific state ordinances applicable to MTCs and TSPs, along with the stipulations outlined in other sectoral supervisory ordinances related to SBO.

The main tasks and responsibilities of the ISD are displayed in Figure 9.1.

Figure 9.1 Main tasks and responsibilities of the ISD



In assessing compliance with AML/CFT/CPF legislation and the DSBO, the ISD continued its supervisory efforts by carrying out onsite examinations supplemented by ongoing offsite surveillance of the supervised institutions.

Offsite surveillance comprises sector-wide surveys, data-gathering requests, bilateral meetings, and information sessions. In the face of the evolving global threats and international developments in the area of AML/CFT/CPF, the ISD staff actively participated in various training sessions, both in-person and virtually, organized by renowned international bodies such as the (C)FATF, Association of Certified Anti-Money Laundering Specialists (ACAMS), Association of Certified Sanctions Specialists (ACSS), and IMF (see also Annex 14). The trainings addressed a broad range of important topics, including TF, PF, sanctions, export controls, artificial intelligence, VAs and VASPs, and other emerging typologies. These trainings contributed to the continuous strengthening of the ISD staff's supervisory expertise and increased their awareness of the latest international trends and developments in the realm of AML/CFT/CPF.

9.1 Offsite surveillance

In 2025, the ISD carried out different offsite surveillance activities targeting supervised financial institutions and DNFBPs. AML/CFT/CPF surveys were carried out at the bank-like institutions, credit unions, life insurance companies, TSPs, pension funds, MTCs, insurance brokers, and notary offices. These surveys were administered to assess the adequacy of the effectiveness of the institution's AML/CFT/CPF controls and track sectoral progress compared with previous survey results. The extensive data gathered provided valuable input for the CBA's risk-based AML/CFT/CPF supervision.

Financial institutions are required to report an incident within two (2) business days (48 hours). Incidents are defined as an act or event that constitutes a serious danger to the ethical conduct of the business of the institutions in question. Timely reporting allows for prompt and effective supervisory oversight of institutions' mitigation measures and supports efforts to prevent the recurrence of incidents. The majority of reported incidents concern fraud, reputational risks (which can include negative media attention), as well as IT-related risks. In 2025, 15 incidents were reported to the CBA (see Table 9.1).

Table 9.1 SBO Incidents reported between 2023-2025

Incident category	2023	2024	2025
Criminal investigation	1	-	-
Whistleblowing	1	-	-
IT	-	3	2
Transaction reporting	2	3	4
Conflict of interest	-	1	1
Financial risk	-	4	-
Reputational risk	2	4	4
Fraud	4	3	4
Total	10	18	15

9.2 Onsite examinations

Due to resource constraints, the ISD only conducted a total of five (5) onsite examinations in 2025 in the AML/CFT/CPF domain. Of these, one (1) examination was carried out at a financial institution, namely a pawnshop, and four (4) examinations at DNFBPs, comprising two (2) casinos and two (2) real estate companies (Table 9.2).

In alignment with the CBA's risk-based approach to AML/CFT/CPF supervision, the onsite examinations conducted by ISD in 2025 focused on key areas such as customer due diligence (CDD), unusual transaction reporting, and ongoing transaction monitoring. An overview of the identified breaches during the onsite examinations is set out in Annex 8. The findings of the onsite examinations were communicated to the examined institutions through so-called "onsite letters". In cases of severe breaches, the respective files were referred to the Enforcement, Market Entry and Legal Advisory (EML) department for further assessment and consideration of (formal) measures.

Table 9.2 Onsite examinations carried out by ISD per sector between 2023-2025

Sector	2023	2024	2025
Credit institutions	3	3	-
Bank-like institutions	-	-	-
Credit unions	-	1	-
Life insurance companies	-	1	-
Company pension fund	1	-	-
Pawnshops	-	-	1
MTCs	-	1	-
DNFBPs	10	5	4
Total	14	11	5

The findings of the onsite examinations were communicated to the examined institutions through so-called "onsite letters". In cases of severe breaches, the respective files were referred to the Enforcement, Market Entry and Legal Advisory (EML) department for further assessment and consideration of (formal) measures.

9.3 Information sessions and (bilateral) meetings held for supervised institutions

In 2025, the ISD organized five (5) information sessions comprising one (1) session for the entire financial sector and four (4) sessions for the persons and companies falling within the DNFBP sector (excluding jewelers, car dealers, and art and antiquities) (Table 9.3).[7] In addition, a bilateral meeting with the representative organization for real estate agents was held. Annex 9 details the topics covered per sector.

[7] Due to the limited sanctions risk exposure, certain sectors were excluded from the sanctions training, namely: pawnshops, jewelers, art and antiquities, and car dealers.

Table 9.3 Information sessions and bilateral meetings organized by ISD in 2023-2025

Sector	2023	2024	2025
Financial institutions (joint session)[8]	-	-	1
Credit institutions	5	4	-
Bank-like institutions	1	-	-
Life insurance companies[9]	1	-	-
Company pension fund	1	-	-
Credit unions	2	-	-
Pawnshops	2	-	-
MTCs	1	-	-
DNFBPs	4	3	4
Total	17	7	5

9.4 Sanctions

In response to Russia's aggression against Ukraine, the Council of the European Union (the Council) adopted four (4) sets of packages of sanctions in 2025. In addition, the Council enacted legal measures to lift all economic sanctions on Syria with the exception of those imposed on security grounds.

The European Union (EU) sanctions packages and sanctions frameworks, together with the corresponding amendments, were promptly communicated to all supervised financial institutions and DNFBPs within 24 hours of receipt. The institutions were provided with details concerning the specific restrictive measures imposed by the Council, including the newly designated individuals and legal entities against which the EU imposed restrictive measures. The CBA instructed all supervised institutions to take due notice of the content of its e-mail updates and to stay informed of the EU's list of sanctioned persons and legal entities, which undergo regular review and renewal by the Council.

9.5 Passing on of the supervisory costs

Pursuant to relevant sectoral state ordinances as well as state decrees, the CBA is authorized to charge supervised institutions for supervision costs incurred, either in full or in part. Annex 13 describes the supervision costs allocated to the MTCs and TSPs under the supervision of the CBA. As of January 1, 2023, the CBA is also empowered to charge supervised DNFBPs supervision costs pursuant to the State Decree on the charging of supervision costs incurred in connection with the execution of the AML/CFT State Ordinance to the DNFBPs. An overview of the amounts charged to the DNFBPs is also included in Annex 13.

[8] In 2025, one (1) joint information session was organized for all financial institutions on the topic of sanctions and export controls. The financial institutions that attended the sanctions seminar include the following: credit institutions, bank-like institutions, life and non-life (general) insurance companies and brokers, company pension funds, credit unions, and MTCs. In contrast to previous years, this session was held jointly rather than separately by sector. Hence, the figure is reported as a single consolidated session.

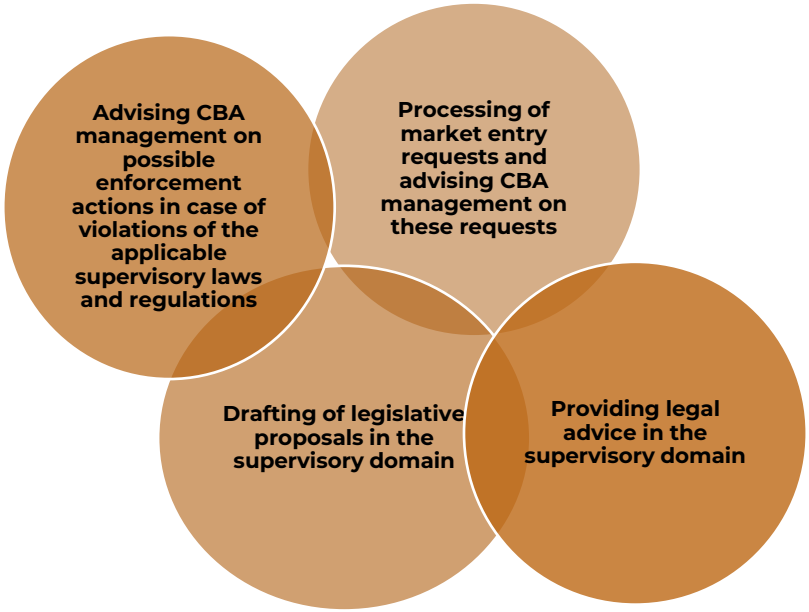
[9] Including life insurance brokers.

Section 10
Enforcement, Market Entry, and Legal Advisory

The Enforcement, Market Entry and Legal Advisory (EML) Department works closely with PSDB, PSIPI, ISD, and the Legal Services (LS) Department on enforcement and market entry-related matters. It monitors international standards and best practices in the area of enforcement and market entry and, insofar as these are relevant for Aruba, translates these developments into legislative, regulatory, and policy proposals. In addition, EML also fulfills the role of internal legal adviser to the CBA on supervisory and related matters.

The primary tasks and responsibilities of EML are presented in Figure 10.1.

Figure 10.1 Primary tasks and responsibilities of the EML



10.1 Enforcement

In 2025, the CBA continued its strict oversight of the supervised institutions to foster compliance with the applicable supervisory laws and regulations. In cases where the CBA identifies a situation of noncompliance with the applicable supervisory laws and regulations, informal (a normative conversation or a written warning) or formal measures are considered. The decision whether to apply informal or formal measures depends, among other things, on the seriousness of the breaches found. In case of serious deficiencies, the CBA will apply formal measures including administrative sanctions or administrative fines or penalty charge orders. Both its enforcement policy, as well as the Guidelines for determining the amount of an administrative fine can be found on its website: www.cbaruba.org.

The formal measures that the CBA can take include the following:

a. Issuing a formal direction;
b. Imposing a penalty charge order and/or an administrative fine;
c. Declaring that an auditor or actuary is no longer authorized to certify the annual filings of a credit institution, an insurance company, an insurance broker, a money transfer company, or a company pension fund;
d. Appointing a silent receiver in the case of a credit institution, an insurance company, or a company pension fund;
e. Filing a request to the Court of First Instance to apply the emergency regulations and to appoint one or more administrators ('bewindvoerders') in the case of a credit institution or insurance company;
f. With respect to company pension funds, requesting the Court of First Instance to appoint an administrator ('bewindvoerder');
g. Revoking the license, dispensation, or cancelling the registration;
h. In addition, the CBA can also report a punishable breach to the Public Prosecutor's Office ('Openbaar Ministerie').

In 2025, the CBA imposed eight (8) formal measures for noncompliance with the sectoral supervisory state ordinances and/or the AML/CFT State Ordinance. Annex 12 provides an overview of the number of formal measures imposed per sector during the period 2023-2025 for noncompliance with the sectoral supervisory state ordinances and/or the AML/CFT State Ordinance. During 2025, the CBA also issued one (1) warning letter for noncompliance. In said case, an informal measure was considered more appropriate than a formal measure. The decision to apply a formal or informal measure depends mainly on the severity of the breaches identified.

10.2 Market Entry

Companies wishing to enter Aruba's financial market require permission to do so via a license, dispensation, or registration. The EML Department reviews each application and its supporting documentation to determine whether all entry requirements have been met and whether the license or dispensation can be granted, or the registration can take place. In 2025, the EML Department processed the following requests in the area of market entry, among others:

- Three (3) requests for a permission concerning a change in the qualifying holding: one (1) credit institution, one (1) insurance company, and one (1) insurance broker;
- Two (2) requests to revoke a permission: one (1) trust company and one (1) insurance broker
- One (1) request of a legal entity for a dispensation to grant loans to the public;
- One (1) request of a legal entity for a dispensation to act as a mortgage broker;
- Twenty-eight requests from insurance brokers for a dispensation to act as intermediary for insurance contracts with foreign insurance companies not in the possession of a license from the CBA; and
- Two (2) requests for a dispensation or revocation to operate as a sales agent for an insurance company.

Reference is also made to Tables 10.1 through 10.5 for a complete overview of the licenses, dispensations, and permissions granted, as well as revocations during the year under review. As per December 31, 2025, nine (9) requests were pending.

Table 10.1 Requests reviewed and processed by EML in 2025 – Licenses

	Licenses			Total
	Art. 4 SOSCS[10]	Art. 2 SDSIB[11]	Art. 5 SOSIB[12]	
Pending as of January 1, 2025	-	1	-	1
New requests	-	-	-	-
Issued	-	1	-	1
Request discontinued	-	-	-	-
Pending as of December 31, 2025	-	-	-	-

Table 10.2 Requests reviewed and processed by EML in 2025 – Dispensations

	Dispensations				Total
	Art. 4 SOSIB[13]	Art. 27b SOSIB[14]	Art. 10 SOMTC	Art. 48 SOSCS[15]	
Pending as of January 1, 2025	2	14	1	2	19
New requests	-	13	1	-	14
Issued	1	15	-	1	17
Request discontinued	1	12	-	1	14
Pending as of December 31, 2025	-	-	2	-	2

[10] License to pursue the business of a credit institution.
[11] License to act as an insurance broker.
[12] License to engage in the insurance business.
[13] Dispensation to operate as a sales agent for an insurance company.
[14] Dispensation to act as an intermediary in the conclusion, surrender, or payment of an insurance contract with an enterprise or institution domiciled in or outside Aruba, which does not dispose of a license to engage in the insurance business as issued by the CBA.
[15] Dispensation to operate as a finance company, pawnshop and/or mortgage broker.

Table 10.3 Requests reviewed and processed by EML in 2025 - Permissions

	Permissions						Total
	Increase in equity[16]	Change in qualifying holding[17]	Acquisition of assets and liabilities of another entity[18]	Change in activities[19]	Financial reorganization and acquiring a qualifying holding in a new entity[20]	Entering in a subordinated loan[21]	
Pending as of January 1, 2025	-	-	-	2	-	-	2
New requests	-	6	-	4	-	1	11
Issued	-	3	-	2	-	1	6
Request discontinued	-	-	-	-	-	-	-
Pending as of December 31, 2025	-	3	-	4	-	-	7

Table 10.4 Requests reviewed and processed by EML in 2025 – Revocations

	Revocations					Total
	Art. 8 SOSIB	Art. 4 SOSIB	SOSCS	SOSTSP	SOSMTC	
Pending as of January 1, 2025	-	1	-	-	-	1
New requests	-	1	-	2	2	5
Issued	-	2	-	2	2	6
Request discontinued	-	-	-	-	-	-
Pending as of December 31, 2025	-	-	-	-	-	-

Table 10.5 Total requests reviewed and processed by EML in 2025

	Total
Pending as of January 1, 2025	23
New requests	30
Issued	30
Request discontinued	14
Pending as of December 31, 2025	9

[16] Pursuant to article 9 of the SOSCS.
[17] Pursuant to article 17 of the SOSCS, article 14a of the SOSIB (also in conjunction with article 4 of the SDSIB) and article 5a of the SOSTSP.
[18] Pursuant to article 22 of the SOSIB.
[19] Permission for and decision by the CBA to change or expand licensed/dispensated activities.
[20] Pursuant to article 14c of the SOSIB.
[21] Permission required based on conditions set in the license, dispensation or registration of the supervised entity.

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Section 11
Key financial developments

This section describes the key developments in the financial sector, which comprises commercial banks, bank-like institutions, money transaction companies, life and nonlife insurance companies, and pension funds. Aruba's financial sector continues to grow, with total assets increasing by Afl. 1,157.1 million or 7.5 percent, from Afl. 15,446.3 million in 2024 to Afl. 16,603.4 million in 2025. In 2025, the total assets of the financial sector represented 203.8 percent of GDP, underscoring noat only the size but also the importance of the financial sector as a key pillar of economic activity.

Table 11.1 Total assets of the financial sector in Afl. millions and as a percentage of GDP

Total assets of the financial sector in Afl. millions	2023	2024	2025
Banking sector	8,008.2	8,725.5	9,406.0
Life insurance sector	1,799.1	1,930.0	2,120.6
Nonlife insurance sector	336.7	360.5	401.0
Company pension funds (including APFA)	4,106.0	4,430.3	4,675.8
Total financial sector	14,250.0	15,446.3	16,603.4

Total assets of the financial sector as a percentage of GDP	2023	2024	2025
GDP (in Afl. millions)	6,929.5	7,669.8	8,145.5
Banking sector	115.6	113.8	115.5
Life insurance sector	26.0	25.2	26.0
Nonlife insurance sector	4.9	4.7	4.9
Company pension funds (including APFA)	59.3	57.8	57.4
Total financial sector	205.6	201.4	203.8

[22] Including Civil Servants Pension Fund (APFA).

Table 11.2 Number of supervised financial institutions (at end of period)

Number of supervised institutions within the banking sector	2023	2024	2025
Total	9	10	10
Commercial banks	4	4	4
Bank-like institutions	3	4	4
Credit unions	2	2	2

Number of supervised institutions within the insurance sector	2023	2024	2025
Total	18	18	17
Nonlife insurance companies	9	9	8
Life insurance companies	6	6	6
Captive insurance companies	3	3	3

Number of supervised institutions within the pension fund sector	2023	2024	2025
Company pension funds[22]	7	7	7

Source: CBA.

11.1 Banking sector

As depicted in Table 11.2, the number of credit institutions supervised by the CBA remained unchanged in 2025 compared to 2024. Note that on October 28, 2024, the CBA granted approval to AIB BANK N.V. for the acquisition of Banco di Caribe (Aruba) N.V. In addition, effective November 15, 2024, Mack's Total Finance V.B.A.'s dispensation pursuant to Article 48, paragraph 3 of the SOSCS was revoked, and a license was granted under Article 4 of the SOSCS to operate as a credit institution under the category "other financial institutions" or bank-like institutions as shown in Table 11.2.

11.1.1 COMMERCIAL BANKS

AGGREGATED BALANCE SHEET, TOTAL OUTSTANDING LOANS, AND TOTAL DEPOSITS

In 2025, the commercial banks' aggregated loan portfolio recorded its strongest growth in the past five years, expanding by Afl. 490.9 million, or 11.5 percent, reaching Afl. 4,772.0 million.

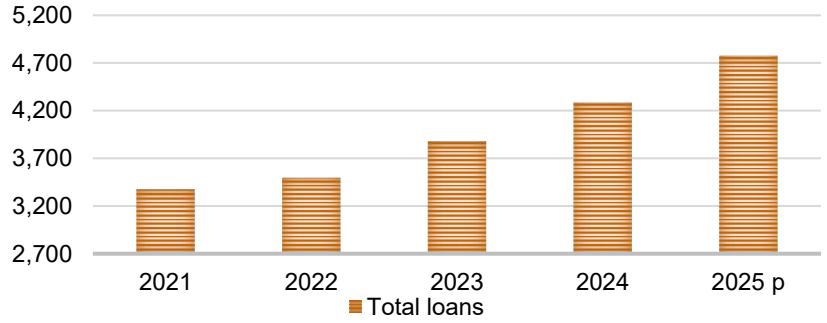
AGGREGATED BALANCE SHEET TOTAL

The commercial banking sector plays a crucial role in Aruba's economy. By the end of 2025, the balance sheet total of the four commercial banks combined was equal to 102.7 percent of Aruba's 2025 GDP, as estimated by the CBA. The commercial banks' aggregated balance sheet total expanded substantially by Afl. 612.7 million or 7.9 percent at year-end 2025 compared to year-end 2024, reaching Afl. 8,368.7 million. On the asset side, lending was the primary driver behind asset growth, with the loan portfolio increasing by Afl. 490.9 million or 11.5 percent. Investments and 'cash & due from banks' increased by Afl. 44.3 million (9.6 percent) and Afl. 43.6 million (1.6 percent), respectively. On the liability side, total deposits surged by Afl. 492.2 million (7.8 percent), supporting the expansion in lending activity, while capital and reserves contracted slightly by Afl. 1.1 million (0.1 percent).

AGGREGATED OUTSTANDING LOANS

Over the past five years, total outstanding loans of the commercial banks have increased consistently, growing by Afl. 1,395.5 million or 41.3 percent, from Afl. 3,376.5 million in 2021 to Afl. 4,772.0 million in 2025 (see Chart 11.1). In 2025, total outstanding loans expanded by Afl. 490.9 million or 11.5 percent, compared to 2024, marking the largest increase in the past five years and reflecting growth across all loan categories.

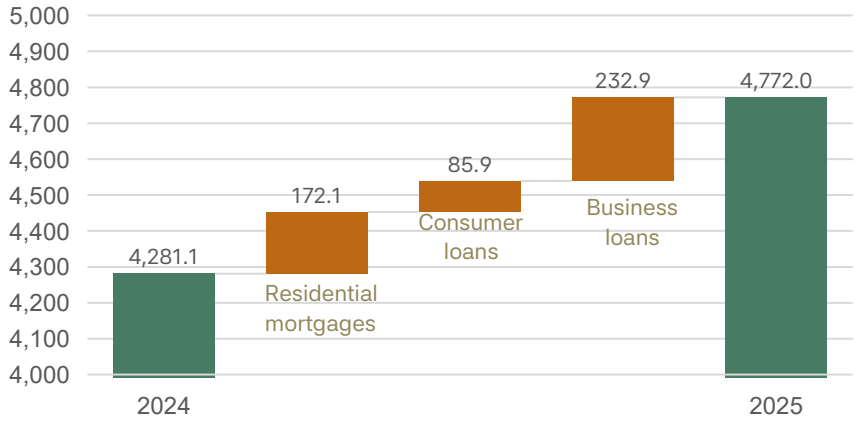
Chart 11.1 Aggregated outstanding loans of the commercial banks in Afl. million (at end of period)



Source: CBA: commercial banks; p= preliminary figures.

As shown in Chart 11.2, lending to individuals, the largest loan segment, expanded by Afl. 258.0 million (6.0 percent), primarily driven by increases in residential mortgage loans (Afl. 172.1 million) and consumer credit (Afl. 85.9 million). Business loans also recorded a strong increase of Afl. 232.9 million (11.9 percent).

Chart 11.2 Total growth of loans by category in Afl. million (2025 vs 2024)

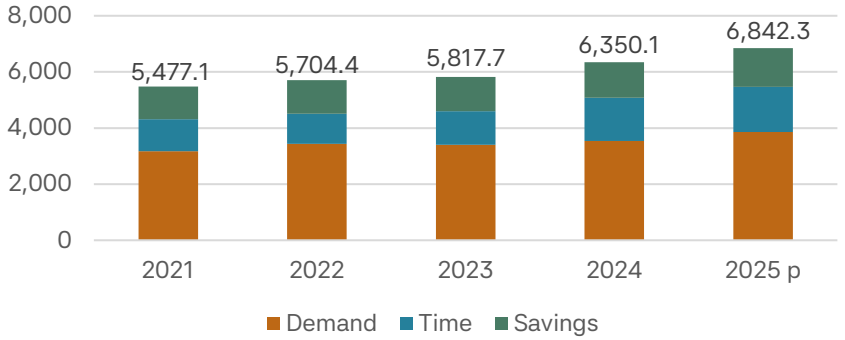


Source: CBA: commercial banks; p= preliminary figures.

AGGREGATED TOTAL DEPOSITS

The commercial banks are funded primarily by customer deposits, which expanded by Afl. 1,365.2 million or 24.9 percent, from Afl. 5,477.1 million in 2021 to Afl. 6,842.3 million in 2025. As shown in Chart 11.3, demand deposits constitute the largest share of total deposits. Over the past year, deposits registered an increase of Afl. 492.2 million or 7.8 percent, chiefly driven by higher demand deposits (+Afl. 322.7 million), followed by savings deposits (+Afl. 106.2 million) and time deposits (+Afl. 63.3 million).

Chart 11.3 Aggregated total deposits by category in Afl. million

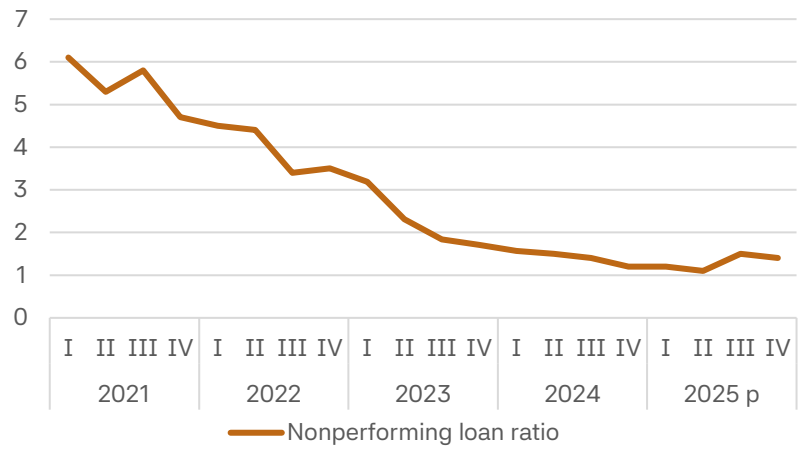


Source: CBA: commercial banks; p= preliminary figures.

Quality of the loan portfolio

The nonperforming loan ratio is a key indicator of asset quality for banks in Aruba, as loans dominate total assets, making credit risk the most prevalent financial risk. The nonperforming loan ratio, defined as loans past due by more than 90 days (nonperforming loans) relative to total (gross) loans, had improved significantly after 2021. This ratio had been trending downwards from a high of 6.1 percent in the first quarter of 2021, reaching 1.2 percent by the end of December 2024 (Chart 11.4). In 2025, the ratio experienced some fluctuations, increasing modestly to 1.4 percent by year-end, but remaining at a very low level.

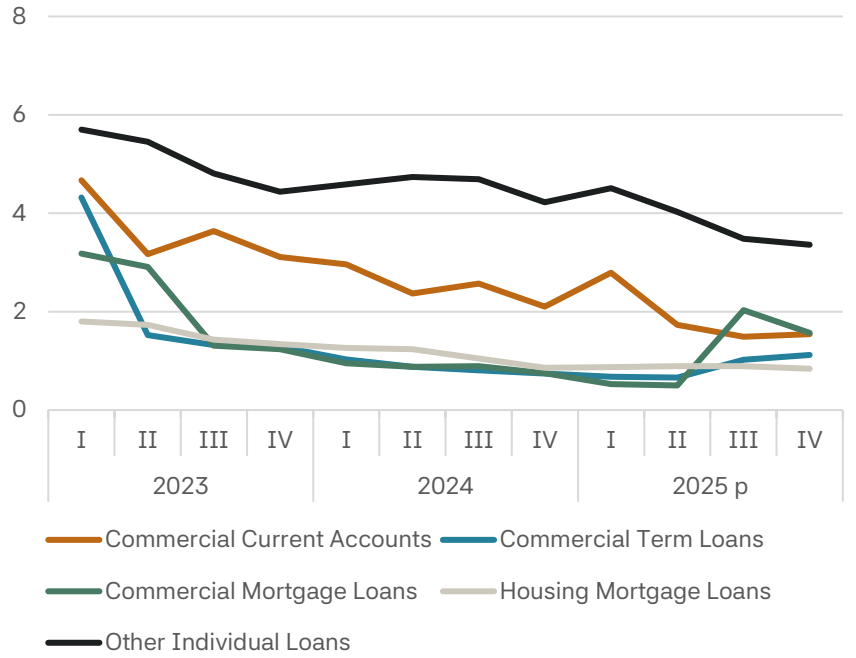
Chart 11.4 Development of the nonperforming loans (gross) to total gross loans of the commercial banks (at end of period and in percentages)



Source: CBA: commercial banks; p= preliminary figures.

At the end of December 2025, total nonperforming loans expanded by Afl. 12.6 million, or 23.7 percent, compared to the previous year. Loans to individuals continue to make up the majority of the nonperforming loans, accounting for 54.8 percent of the total. The growth in nonperforming loans was due to higher nonperforming business loans of Afl. 12.9 million while nonperforming individual loans decreased by Afl. 0.3 million. As shown in Chart 11.5, the strongest increase was witnessed in the nonperforming commercial mortgage loan category.

Chart 11.5 Development of the nonperforming loans (gross) ratio by loan category of the commercial banks (at end of period and in percentages)



Source: CBA: commercial banks; p= preliminary figures.

KEY RATIOS COMMERCIAL BANKS

CAPITAL ADEQUACY

The commercial banks' capital buffers remained ample with a capital adequacy ratio of 28.9 percent at the end of 2025, well above the required minimum of 18.0 percent.

The capital adequacy ratio measures banks' solvency position by assessing its capital (Tier I and Tier II) relative to their risk-weighted assets. Throughout the period under review, Aruba's commercial banks remained well-capitalized, consistently exceeding the required minimum of 18 percent. Table 11.3 and Chart 11.6 provide an overview of key prudential parameters over the past five years.

The relatively higher capital adequacy ratio during 2021-2022 is mostly due to the preventive measures taken by the CBA in response to the COVID-19 pandemic, such as dividend restrictions that boosted capital and reserves. In 2023, this ratio declined as these measures were eased and banks resumed dividend payouts. By end-2025, this ratio contracted by 3.2 percentage points to 28.9 percent, but still far above the required minimum of 18 percent [23]. The drop was mainly due to an increase in the risk-weighted assets as a result of the strong increase in lending. Given Aruba's one-sided tourism-dependent economy and resulting vulnerability to external shocks, maintaining strong capital buffers is crucial to absorb unforeseen losses and safeguard the solidity of the financial sector. Also, in light of the heightened geopolitical risks and the ensuing risks to the global economy that may also affect Aruba's economy, the buffers must be sufficiently high.

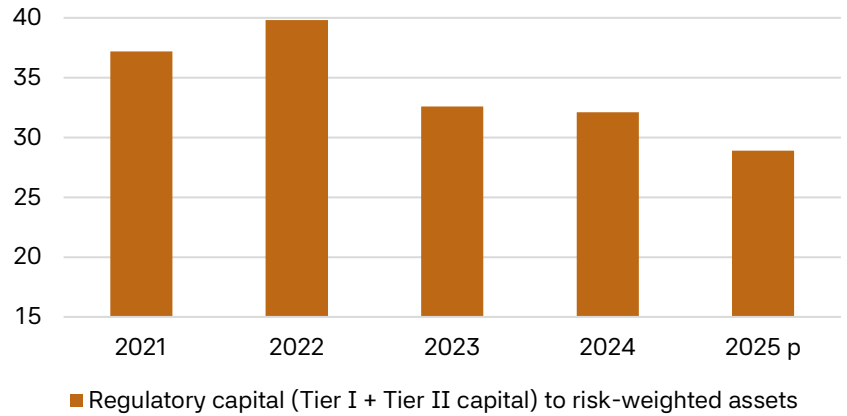
[23] The CBA decided to increase the capital adequacy ratio from 16 percent to 18 percent, as of January 1, 2024.

Table 11.3 Financial soundness indicators for commercial banks on an aggregated basis (at end of period and in percentages)

	2021	2022	2023	2024	2025p
Capital adequacy					
Regulatory capital (Tier I capital) to risk-weighted assets	28.6	30.5	23.8	23.9	20.9
Regulatory capital (Tier I + Tier II capital) to risk-weighted assets	37.2	39.8	32.6	32.1	28.9
Asset quality					
Nonperforming loans to gross loans	4.7	3.5	1.7	1.2	1.4
Nonperforming loans (net of ALLP[1]) to gross loans	1.5	1.3	0.2	0.0	0.3
Nonperforming loans (net of ALLP) to regulatory capital	4.5	3.6	0.6	-0.1	1.1
Profitability					
Return on assets (before taxes)	2.1	2.3	2.2	2.4	2.4
Return on equity (before taxes)	13.5	14.2	14.5	16.7	17.3
Interest margin to gross income	55.5	51.2	53.6	51.8	48.8
Noninterest expenses to gross income	71.1	69.3	72.1	71.0	72.0
Interest rate margin[2)]	4.7	4.5	4.2	3.4	3.2
Liquidity					
Loan-to-deposit ratio	58.9	58.5	63.7	64.8	67.1
Liquid assets to total assets[3)]	38.0	29.8	25.5	30.3	30.2

Source: CBA: commercial banks; p= preliminary figures.
1) ALLP= Allocated Loan Loss Provision.
2) Weighted averages related to new loans granted and new deposits during the indicated period.
3) This ratio is the PLR.

Chart 11.6 Development of the aggregated risk-weighted capital asset ratio of the commercial banks (at end of period and in percentages)



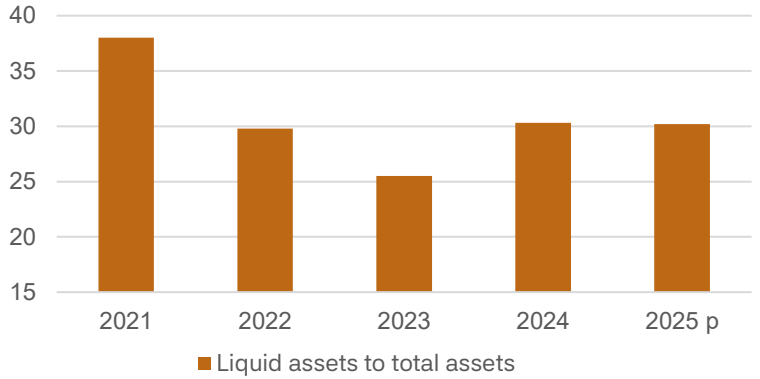
Source: CBA: commercial banks; p= preliminary figures.

LIQUIDITY

Liquidity buffers remained elevated and robust during the year under review with the PLR (liquid assets to total assets) at 30.2 percent, far above the required minimum of 19.0 percent[24].

Chart 11.7 illustrates the development in the PLR in the last five years and also reflects the change in the monetary policy stance driven in part by the COVID-19 pandemic. During 2020–2021, temporary monetary relief measures were taken to support lending to businesses and households during the pandemic, resulting in an above average PLR in 2021. As the economy recovered, the CBA tightened its monetary policy during 2022-2023 by raising the Reserve Requirement (RR) [25] rate from 12.0 percent in December 2021 to 25.0 percent by end-2022, after which it remained elevated in 2023. This contributed to the decline in the PLR from 2021 to 2023. The PLR subsequently normalized in 2024 and remained broadly stable in 2025, at 30.3 percent and 30.2 percent, respectively, partly due to the gradual reduction of the RR rate, which stood at 12.5 percent at the end of 2025.

Chart 11.7 Development of the aggregated prudential liquidity ratio of the commercial banks (at end of period and in percentages)



Source: CBA: commercial banks; p= preliminary figures.

[24] The CBA raised the PLR from 18 percent to 19 percent as of January 1, 2025.

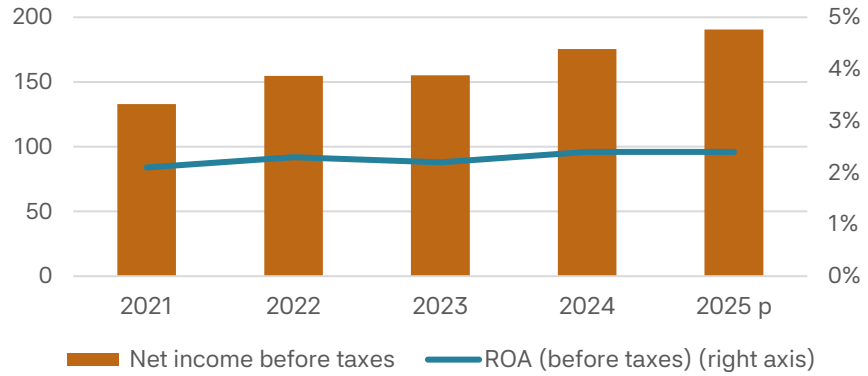
[25] The reserve requirement rate, the CBA's primary monetary tool, requires the commercial banks to maintain account balances at the CBA based on a percentage of their customer deposits. The reserve requirement balances held at the CBA are excluded from the PLR calculation.

PROFITABILITY

Table 11.3 and Chart 11.8. show steady improvement in commercial banks' profitability from 2021 to 2025, with net income before taxes increasing each year. Growth accelerated in the latter years, recording a 13.1 percent increase in 2024 and 8.5 percent in 2025.

In 2025, banks reported a net income (before taxes) of Afl. 190.6 million, an Afl. 15.0 million or 8.5 percent increase compared to 2024, while return on assets (before taxes) remained unchanged at 2.4 percent compared to 2024.

Chart 11.8 Development of the profitability, net income before taxes (in Afl. million) and return on assets before taxes (in percentages) of the commercial banks (at end of period)



Source: CBA: commercial banks; p= preliminary figures.

Net interest income, the difference between interest earned and interest paid, rose by Afl. 14.2 million (5.6 percent) compared to 2024. This growth was largely driven by higher interest income from loans and investments of Afl. 23.8 million (7.5 percent), which was partially offset by higher interest expenses on deposits of Afl. 9.6 million (15.4 percent).

The net interest income to gross income ratio, which indicates the share of interest income in total income generated by banks, plunged by 3.0 percentage points to 48.8 percent in 2025, as the growth in gross income of Afl. 59.8 million or 12.2 percent outweighed the increase in net interest income of Afl. 14.2 million or 5.6 percent, also highlighting the rising contribution of non-interest income sources, such as fees and commissions, to total income.

The efficiency of banks deteriorated somewhat in 2025, as the total non-interest expenses to gross income ratio rose by 1.0 percentage point to 72.0 percent, indicating that operating expenses took a larger share of total income. This was primarily fueled by higher non-interest expenses of Afl. 47.6 million, offset in part by the increase in gross income mentioned earlier. The rising non-interest expenses were mainly the result of higher general expenses and salaries.

11.1.2 BANK-LIKE INSTITUTIONS

AGGREGATED BALANCE SHEET TOTAL

The bank-like institutions' aggregated balance sheet total reached Afl. 1,037.3 million as per year-end 2025, equivalent to 12.7 percent of Aruba's 2025 GDP, as estimated by the CBA.

Bank-like institutions consist of non-deposit-taking entities that engage in activities such as mortgage lending, consumer and commercial financing, and investment banking services.

The aggregated balance sheet total of the bank-like institutions surpassed the Afl. 1 billion mark, reaching Afl. 1,037.3 million by the end of 2025, representing an increase of Afl. 67.8 million (7.0 percent) compared to the end of 2024. This growth was primarily attributed to a rise in loans (Afl. 54.0 million) and other assets (Afl. 16.9 million). Loans to individuals accounted for nearly all the growth in the loan portfolio.

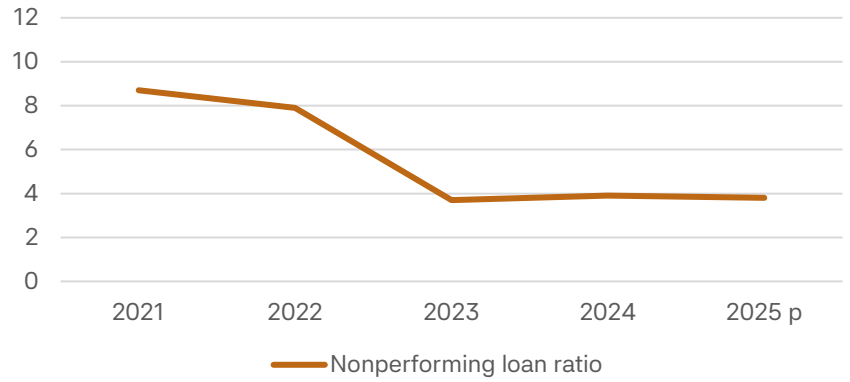
On the liabilities side, funds borrowed increased by Afl. 24.1 million or 5.9 percent in 2025 compared to a year earlier. Bank-like institutions primarily rely for their funding on borrowings from third parties, mainly institutional investors, and affiliated entities.

11.1.2.1 KEY RATIOS BANK-LIKE INSTITUTIONS

ASSET QUALITY

Chart 11.9 illustrates the notable improvement in the asset quality of bank-like institutions over the past three years, with the nonperforming loan ratio declining from the elevated COVID-19 pandemic-related level of 8.7 percent in 2021 to 3.7 percent in 2023. The ratio increased to 3.9 percent in 2024 and to 3.8 percent in 2025.

Chart 11.9 Development of nonperforming loans (gross) to total gross loans ratio of the bank-like institutions (at end of period and in percentages)



Source: CBA: bank-like institutions; p= preliminary figures.

Table 11.4 Financial soundness indicators of the bank-like institutions on an aggregated basis (at end of period and in percentages)

	2021	2022	2023	2024	2025p
Capital adequacy					
Regulatory capital (Tier I capital) to risk-weighted assets	55.9	56.4	55.4	56.6	54.6
Regulatory capital (Tier I + Tier II capital) to risk-weighted assets	61.3	62.9	62.1	62.5	59.7
Asset quality					
Nonperforming loans to gross loans	8.7	7.9	3.7	3.9	3.8
Nonperforming loans (net of ALLP) to gross loans	6.9	6.3	2.1	3.4	3.1
Nonperforming loans (net of ALLP) to regulatory capital	7.5	6.4	2.3	3.8	3.5
Profitability					
Return on assets (before taxes)	2.3	3.1	3.5	2.5	2.0
Return on equity (before taxes)	4.0	5.4	6.4	4.7	3.7
Interest margin to gross income	58.6	63.3	57.5	59.5	56.6
Noninterest expenses to gross income	78.2	68.4	65.3	68.8	77.8

Source: CBA: bank-like institutions; p= preliminary figures.

Table 11.4 illustrates that the bank-like institutions maintained regulatory capital ratios remaining far above the prudential minimal requirements of 18 percent.

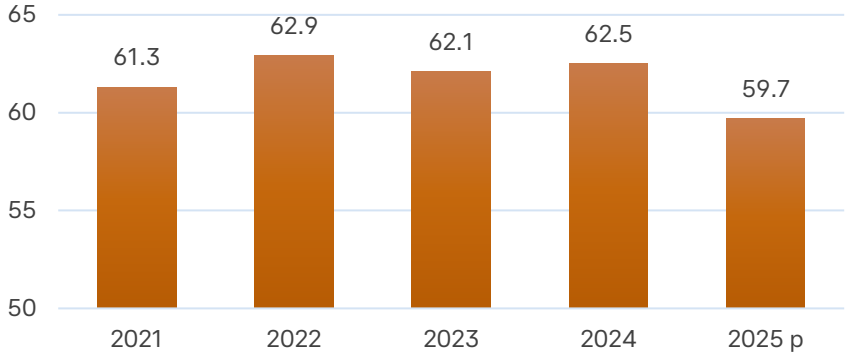
Asset quality improved significantly, as nonperforming loans declined sharply between 2021 and 2023 and remained stable thereafter. Profitability strengthened through 2023, supported by higher returns on assets and equity, before moderating in 2024–2025.

CAPITAL ADEQUACY

The aggregated regulatory capital-to-risk-weighted assets ratio of the bank-like institutions remained robust at 59.7 percent by year-end 2025, far above the required minimum of 18 percent.

Chart 11.10 illustrates the strong capital buffers maintained by the bank-like institutions over the past five years. Despite a contraction of 2.8 percentage points to 59.7 percent in 2025 compared to 2024, the regulatory capital (Tier I and Tier II) to risk-weighted assets remained far above of the required minimum of 16 percent. The aforementioned drop in 2025 was the result of an Afl. 73.5 million or 9.9 percent growth in total risk-weighted assets. The expansion in risk-weighted assets was mostly related to the increase in the consumer loan portfolio.

Chart 11.10 Regulatory capital (Tier I + Tier II capital) to risk-weighted assets of the bank-like institutions (at end of period and in percentages)



Source: CBA: bank-like institutions; p= preliminary figures.

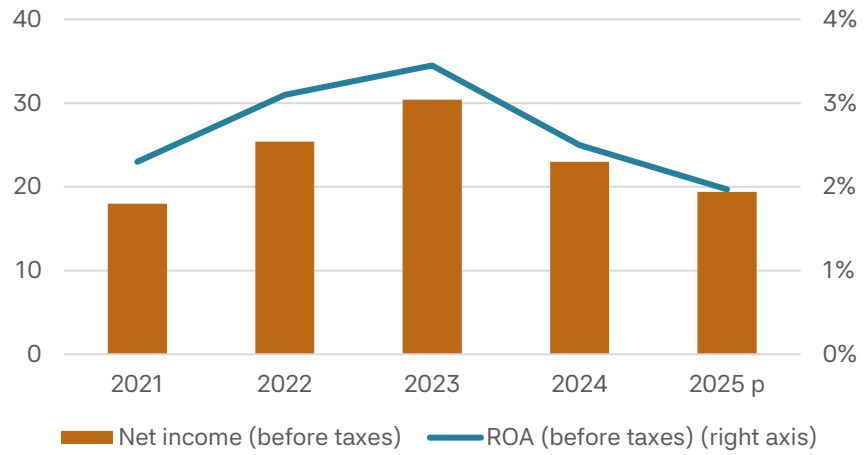
PROFITABILITY

As illustrated in Chart 11.11, the profitability of the bank-like institutions increased steadily from 2021 to 2023, before declining during 2024 and 2025. In 2025, net income (before taxes) fell by Afl. 3.6 million compared to 2024, decreasing from Afl. 23.0 million to Afl. 19.4 million. This reduction in profitability stems mostly from higher other operating expenses of Afl. 11.3 million or 23.4 percent. The return on assets (before taxes) declined from 2.5 percent in 2024 to 2.0 percent in 2025.

The interest margin to gross income ratio indicates the portion of the bank-like institutions' income that is generated by the lending activities. This ratio declined by 2.9 percentage points to 56.6 percent at the end of 2025, as net interest income increased by Afl. 2.2 million (5.3 percent), while gross income rose more significantly by Afl. 7.7 million (10.8 percent). The stronger growth in gross income was primarily driven by higher fees and commission income.

The noninterest expenses to gross income ratio surged by 9.0 percentage points to 77.8 percent in 2025, mainly due to an Afl. 12.4 million or 25.3 percent increase in non-interest expenses. The latter was largely attributable to higher salaries and lower recoveries from loan loss provisions.

Chart 11.11 Development of the net income before taxes (in Afl. million) and return on assets before taxes (in percentages) of the bank-like institutions (at end of period)



Source: CBA: bank-like institutions; p= preliminary figures.

11.2 Money transaction companies

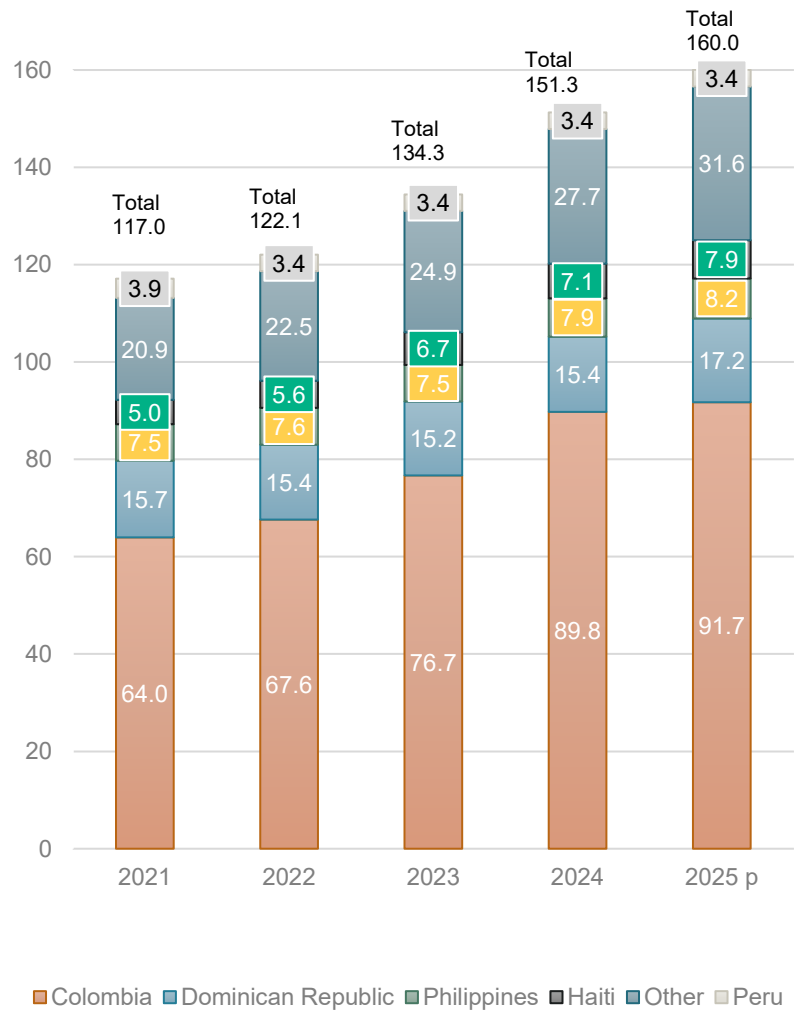
At the end of 2025, two money transaction companies were registered in Aruba.

11.2.1 OUTGOING MONEY TRANSFERS

The total amount of outgoing money transfers increased by Afl. 8.7 million from Afl. 151.3 million in 2024 to Afl. 160.0 million in 2025.

A significant portion of Aruba's workforce consists of foreign workers, mainly from South America, many of whom remit part of their earnings to their home countries. Outgoing money transfers grew steadily in the years leading up to the COVID-19 pandemic, followed by a temporary decline in 2020 due to the pandemic related economic disruptions. Since then, remittance flows have recovered in line with the growth in economic activities post COVID -19. The upward trend continued in 2025, reflecting high transfers from foreign workers to abroad mainly to their countries of origin. Also in 2025, Colombia remained the primary destination for outgoing money transfers, accounting for approximately 57.3 percent (equivalent to Afl. 91.7 million) of the total transfers (see Chart 11.12).

Chart 11.12 Outgoing money transfers by countries of destination (in Afl. million)



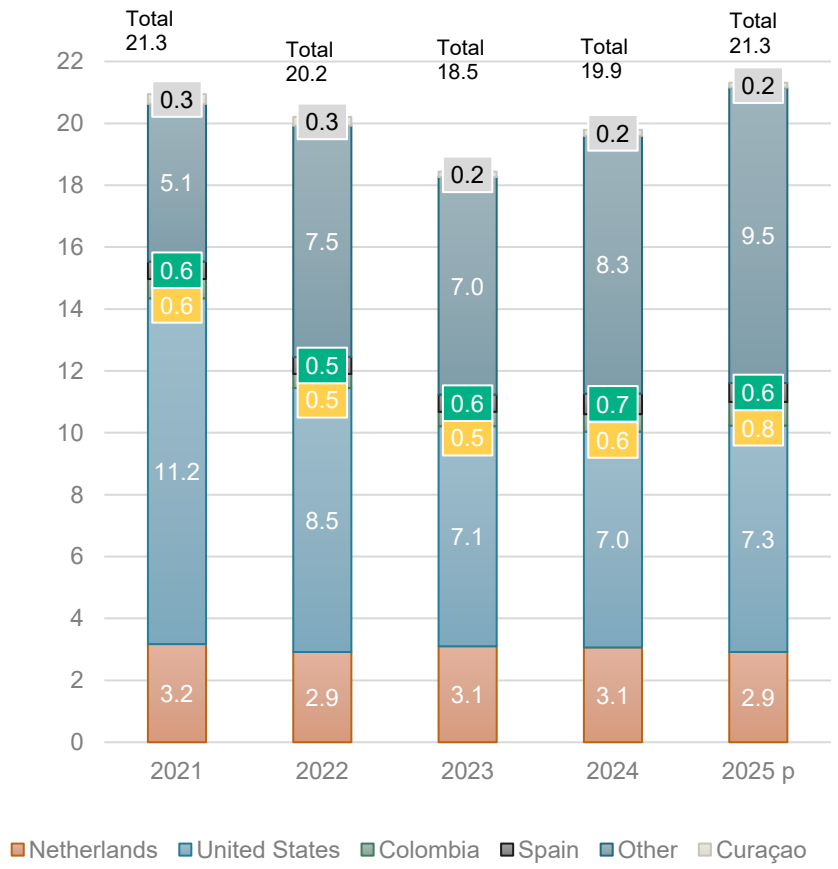
Source: CBA: money transfer companies; p= preliminary figures.

11.2.2 INCOMING MONEY TRANSFERS

The total amount of incoming money transfers increased by Afl. 1.4 million to Afl. 21.3 million in 2025, up from Afl. 19.9 million in 2024.

Since 2020, the incoming money transfers volumes have remained relatively stable, fluctuating around Afl. 20 million annually. In 2025, the majority of these transfers originated from the United States, accounting for approximately 34.3 percent (equivalent to Afl. 7.3 million) of total incoming transfers (Chart 11.13).

Chart 11.13 Incoming money transfers by countries of origin (in Afl. million)



Source: CBA: money transfer companies; p= preliminary figures.

11.3 Insurance companies

As of year-end 2025, the CBA supervised a total of 17 insurance companies, encompassing nonlife, life, and captive insurers.

11.3.1 NONLIFE INSURANCE COMPANIES

11.3.1.1 AGGREGATED BALANCE SHEET TOTAL AND NET PREMIUM PER INDEMNITY LINE

The combined assets of the nonlife insurance sector amounted to Afl. 401.0 million at the end of 2025, equivalent to 4.9 percent of Aruba's 2025 GDP, as estimated by the CBA.

Aggregated balance sheet total

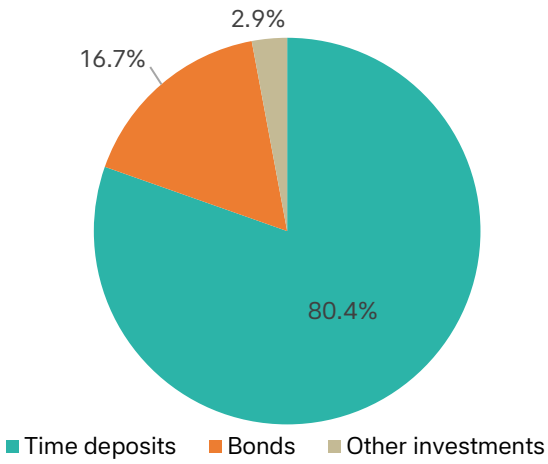
The nonlife insurance companies' aggregated balance sheet increased by Afl. 40.5 million, or 11.2 percent, to Afl. 401.0 million at the end of 2025 compared to 2024. This increase was for a substantial part related to a rise of Afl. 34.2 million, or 24.3 percent, in current assets.

The investments have steadily increased since 2019. At the end of 2019, investments stood at Afl. 149.3 million and rose to Afl. 198.0 million by year-end 2025.

In the period of 2021-2025, the investments in time deposits grew from Afl. 126.0 million to Afl. 159.1 million, increasing its share from 71.7 percent to 80.4 percent of the total investment portfolio.

Conversely, the share of bonds decreased from 22.1 percent to 16.7 percent in the last 5 years, while the share of other investments gradually rose from 2.2 percent in 2021 to 2.9 percent by year-end 2025. Between 2021 and 2023, participation in commercial loans fluctuated between Afl. 4.4 million and Afl. 6.9 million. However, by 2025, this type of loan category plummeted to Afl. 0.1 million. Chart 11.14 shows the investment composition of the nonlife insurance sector at year-end 2025.

Chart 11.14 Investments by nonlife insurance companies at year-end 2025



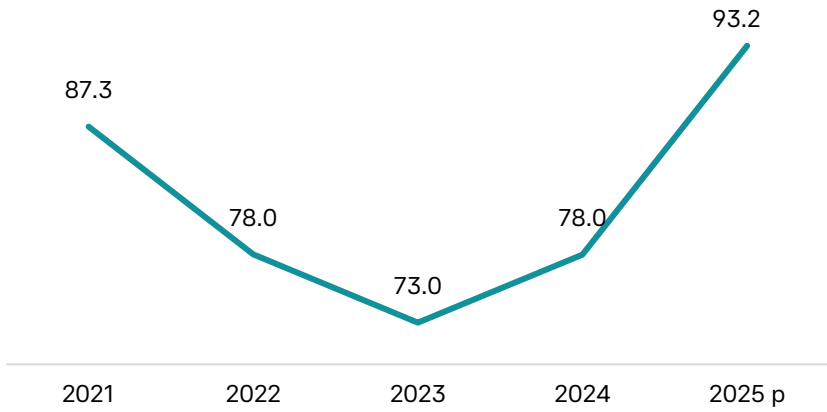
Source: CBA: nonlife insurance companies (preliminary figures).

NET EARNED PREMIUMS

The net earned premiums over the years from 2022 to 2025 showed a fluctuating trend, with notable declines in 2022 and 2023. These declines were due to the compulsory COVID-19 health insurance for incoming tourists up to and including 2021.

The preliminary figures for 2025 showed a strong recovery, net earned premiums reached record highs, surpassing levels from the previous four years (Chart 11.15).

Chart 11.15 Net earned premiums of the nonlife insurance companies (in Afl. million)



Source: CBA: nonlife insurance companies; p= preliminary figures.

NET EARNED PREMIUMS PER INDEMNITY LINE

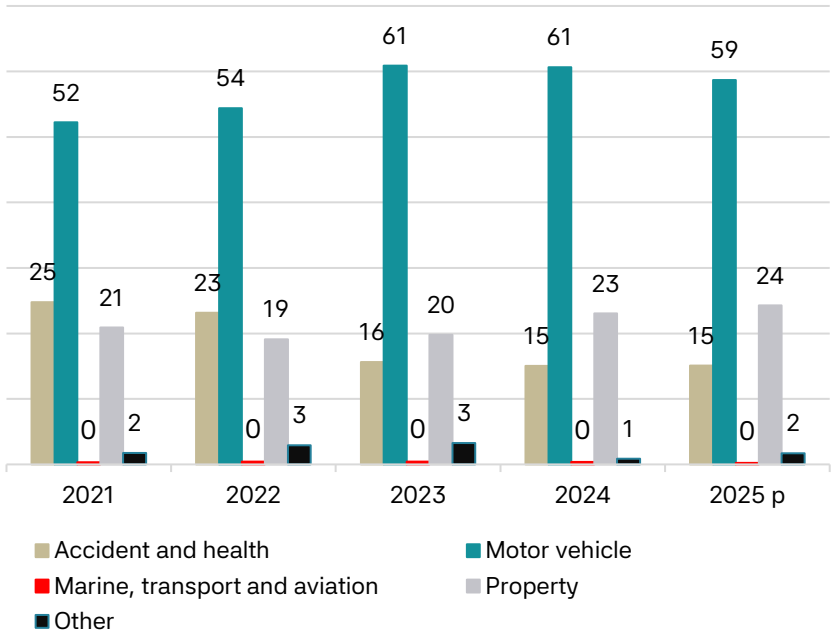
In 2025, the motor vehicle indemnity line fully recovered and reached a new record high of Afl. 54.7 million in net earned premiums, surpassing the previous peak of Afl. 52.6 million recorded in 2019. This represented the highest nominal increase among indemnity lines, with a rise of Afl. 7.4 million or 15.6 percent, compared to the previous year. This increase may be due to the requirement to showing a valid motor vehicle insurance policy when collecting the car's number plate at "Departamento di Impuesto" (DIMP).

By the end of 2025, net earned premiums for property recorded an increase of Afl. 4.6 million, or 25.8 percent, compared to the previous year. This growth offsets the declines observed in 2022 and 2023, during which property reinsurance costs rose significantly.

Furthermore, in 2025, the net earned premiums for accident & health insurance experienced an increase of Afl. 2.3 million, or 20.0 percent, following significant declines in 2022 and 2023, as a result of the ending of the previously mentioned compulsory tourist health insurance imposed by the Government of Aruba related to the COVID-19 pandemic.

Net premiums received from motor vehicle insurance remained the main source of income for nonlife insurance companies in 2025, comprising 59 percent of the total net earned premiums in that year (Chart 11.16).

Chart 11.16 Net earned premium by indemnity line of the nonlife insurance companies (in percentages)



Source: CBA: nonlife insurance companies; p= preliminary figures.

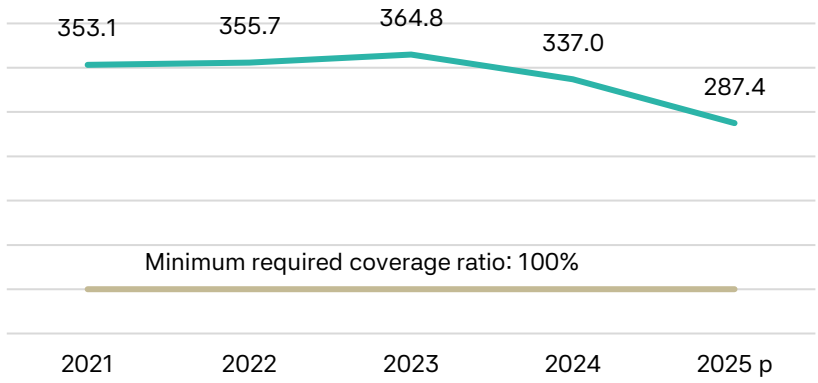
11.3.1.2 KEY RATIOS FOR THE NONLIFE INSURANCE SECTOR

COVERAGE TEST RATIO (CTR)

The CTR of the nonlife insurance sector decreased by 49.6 percentage points to 287.4 percent at year-end 2025 but remained far above the regulatory minimum of 100 percent.

All nonlife insurance companies in 2025 continued to comply with the minimum CTR requirement of 100 percent. The CTR of the nonlife insurance companies decreased from 353.1 percent in 2021 to 287.4 percent in 2025, representing a decline of 65.7 percentage points (see Table 11.5 and Chart 11.17). This decline is mostly attributed to a growth in the technical provisions formed by the nonlife insurers due to an incurred but not yet reported substantial claim.

Chart 11.17 Combined CTR nonlife insurance companies (at end of period and in percentages)



Source: CBA: nonlife insurance companies; p= preliminary figures.

RETURN ON INVESTMENT RATIO

In general, the return on investment for the nonlife insurance sector is lower compared to the life insurance sector, as a substantial portion of the investment portfolios of the nonlife insurers consists of (local) time deposits, which yield relatively lower returns compared to other investment categories.

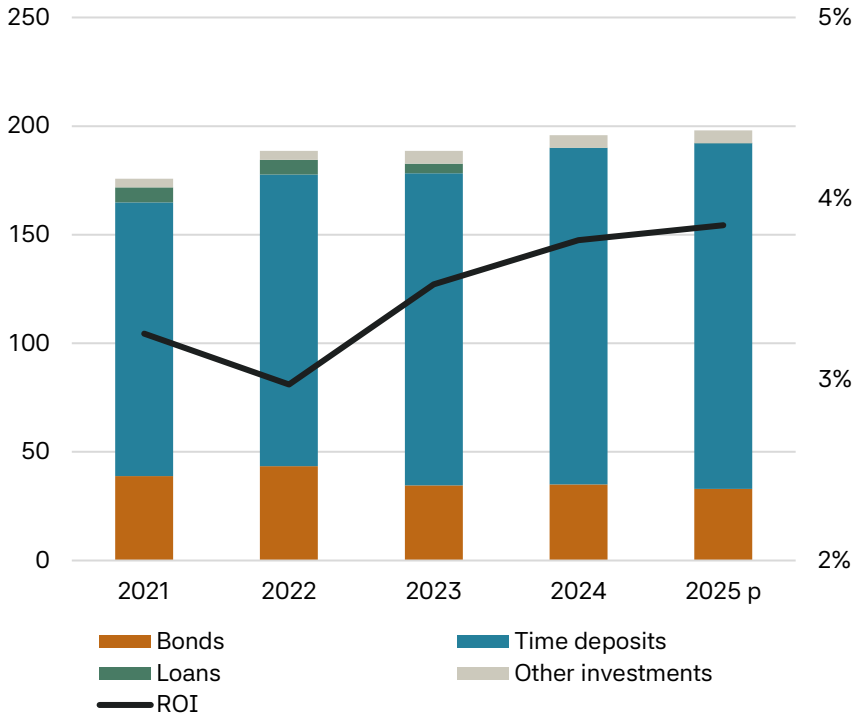
Table 11.5 Financial soundness indicators for nonlife insurance companies on an aggregated basis (at end of period and in percentages)

In percentages	2021	2022	2023	2024	2025p
CTR[1]	353.1	355.7	364.8	337.0	287.4
Return on investment ratio[2]	3.3	3.0	3.5	3.8	3.9
Liquidity ratio[3]	42.0	39.4	37.5	39.0	43.6
Net income before taxes[4]	26.0	13.3	8.6	11.5	20.8

Source: CBA: nonlife insurance companies; p= preliminary figures.
1) Weighted assets less current liabilities (excluding affiliated companies) to technical provisions.
2) Investment income to average invested assets.
3) Current assets to total assets.
4) In Afl. million.

In 2025, the average interest rate for time deposits at local commercial banks remained at a higher level overall compared to prior years. For deposits of 12 months or less, the average rate fell slightly by 0.1 percentage point to 2.7 percent during 2025 (from 2.8 percent in 2024). For time deposits longer than one year, the average interest yield also decreased modestly by 0.1 percentage point to 3.8 percent during 2025 (from 3.9 percent in 2024). Chart 11.18 illustrates the development of the return on investment over the period 2021-2025.

Chart 11.18 Total Investments (in Afl. million) and return on investment ratio (in percentages) of the nonlife insurance companies (at end of period)



Source: CBA: nonlife insurance companies; p= preliminary figures.

LIQUIDITY RATIO

Table 11.5 shows some fluctuations in the liquidity ratio from 2021 to 2025. Yet the overall trend remained quite stable. This ratio consistently stayed within the range of 37.5 to 43.6 percent.

PROFITABILITY

Over the past five years, nonlife insurance companies had seen significant changes in their net income before taxes. In 2021, a net income before taxes of Afl. 26.0 million was recorded. However, in 2023, this amount fell to Afl. 8.6 million, a decline of Afl. 17.4 million, or 66.7 percent, compared to 2021. This was partially attributed to a 13.2 percent decrease in total income during this period. Also, the rising total expenses from Afl. 79.2 million at the end of 2021 to Afl. 82.7 million by year-end 2023, drove the drop in the net income before taxes. Note in this regard also that management expenses increased by Afl. 5.2 million, or 14.0 percent, from Afl. 37.0 million in 2021 to Afl. 42.2 million in 2023.

The figures for 2025 show positive signs of improvement in the results of the nonlife insurance companies. Net income before taxes rose by Afl. 9.3 million to Afl. 20.8 million by year-end 2025. This was caused by an increase of Afl. 17.7 million or 17.9 percent in total income to Afl. 117.0 million, while the total expenses grew by only Afl. 8.4 million, or 9.6 percent, to Afl. 96.2 million.

11.3.2 LIFE INSURANCE COMPANIES

The combined assets of the life insurance sector stood at Afl. 2,120.6 million at year-end 2025, equivalent to 26.0 percent of Aruba's 2025 GDP, as estimated by the CBA.

AGGREGATED BALANCE SHEET TOTAL

The life insurance sector's aggregated balance sheet total expanded steadily over 2021–2025, from Afl. 1,628.0 million at year-end 2021 to Afl. 2,120.6 million at year-end 2025, an expansion of Afl. 492.7 million, or 30.3 percent. Primarily the result of a sharp increase in the investments of this sector.

The total investments rose by Afl. 469.2 million, or 33.6 percent, over the past five years, increasing from Afl. 1,396.3 million at the end of 2021 to Afl. 1,865.6 million at year-end 2025. In 2025, the life insurance sector's investments grew by Afl. 219.3 million, or 13.3 percent compared to 2024. This represents the highest growth in the past five years.

75.0 percent of the total investments are local investments. Foreign investments totaled Afl. 466.7 million, equal to 25.0 percent of the overall investment portfolio. The share of foreign investments increased by 2.6 percent in comparison to the previous year. Chart 11.19 reflects the composition of the investments at year-end 2025.

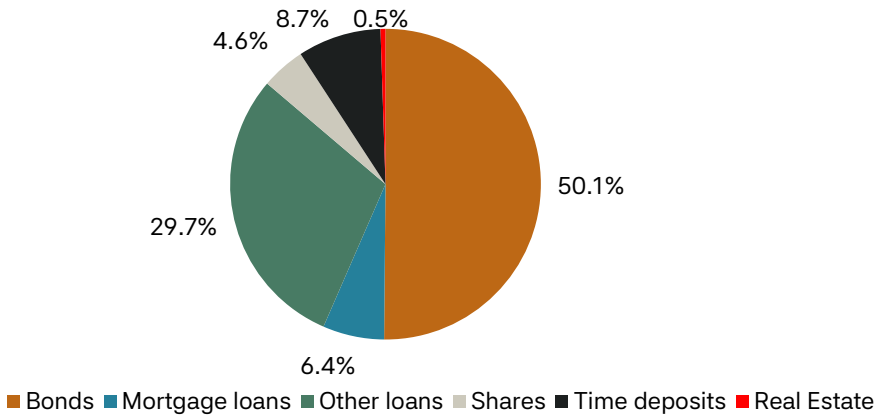
In 2025, investments in bonds continued to dominate the investment portfolio, accounting for 50.1 percent of the total investments. Investments in bonds overtook investments in other loans as the fastest-growing investment category both in nominal and relative terms. The bonds category saw a hike of Afl. 169.2 million or 22.1 percent during 2025 when compared to 2024.

The investment category other loans, which consists mainly of participation in consortium loans, accounted for 29.7 percent of the total investments. Investments in this category also remained a fast-growing category in 2025, seeing an increase of Afl. 68.9 million, or 14.2 percent compared to 2024.

Next, after recording increases since 2020, investments in shares fell by Afl. 23.4 million, or 21.5 percent, recording the largest decrease in this portfolio in 2025, both in absolute and relative terms. As a result, the share of this investment category declined from 6.6 percent in 2024 to 4.6 percent in 2025 of total investments.

Investments in time deposits also fell by Afl. 1.9 million or 1.2 percent, decreasing from Afl. 163.9 million at the end of 2024 to Afl. 162.0 million by year-end 2025, while its share in the total investment portfolio dropped from 10.0 percent to 8.7 percent.

Chart 11.19 Investments of the life insurance companies at year-end 2025



Source: CBA: life insurance companies (preliminary figures).

The technical provisions reflect the discounted future liabilities toward policyholders and dominate the liability side of the balance sheet of life insurance companies. Over the last five years, technical provisions grew steadily, increasing from Afl. 1,372.4 million at the end of 2021 to Afl. 1,756.4 million by year-end 2025, a 28.0 percent growth over this period. In 2025, the technical provisions grew by 7.2 percent compared to 2024.

During 2021-2025, capital and reserves expanded from Afl. 207.4 million in 2021 to Afl. 255.2 million in 2025, despite a reduction of Afl. 25.4 million or 12.3 percent recorded in 2022. This drop in 2022 was primarily caused by fair value losses on the international bond portfolio. In 2023, capital and reserves showed a 12.9 percent recovery compared to 2022, reaching Afl. 205.5 million. This positive trend continued from 2023 to 2025.

Key ratios of the Life Insurance sector

COVERAGE TEST RATIO (CTR)

As of January 1st, 2025, the minimum required CTR for life insurance companies was set at 102 percent. The minimum required CTR for life insurance companies will gradually increase with 2 percentage points in a five-year transition period and will reach 110 percent by 2029.

The CTR of the life insurance sector stood at 111.1 percent at year-end 2025, which is well above the regulatory minimum of 102.0 percent at year-end 2025.

As illustrated in Table 11.6 and Chart 11.20, the CTR experienced little movement during 2021-2025, ranging between the lower bound of 108.7 percent in 2023 and the current higher bound of 111.4 percent in 2021. In 2025, a modest growth of 1.9 percentage points was registered compared to 2024, as the eligible assets held by life insurance companies to cover

the technical provisions grew faster than the technical provisions (sum of the discounted future liabilities toward policyholders) itself.

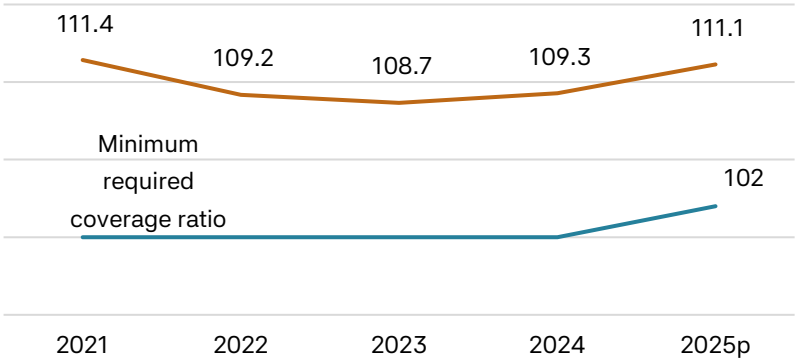
Table 11.6 Financial soundness indicators of the life insurance sector (at end of period and in percentages)

	2021	2022	2023	2024	2025p
Coverage ratio[1]	111.4	109.2	108.7	109.3	111.1
Return on investment ratio[2]	5.2	4.0	5.7	6.1	5.1
Liquidity ratio[3]	12.6	13.5	9.9	12.5	9.5
Net income before taxes[4]	38.5	-3.9	17.1	25.0	19.8

Source: CBA: life insurance companies; p= preliminary figures.

1) Weighted assets less current liabilities (excluding affiliated companies) to technical provisions.
2) Investment income to average invested assets.
3) Current assets to total assets.
4) In Afl. million.

Chart 11.20 Combined CTR of the life insurance sector (at end of period and in percentages)



Source: CBA: life insurance companies; p= preliminary figures.

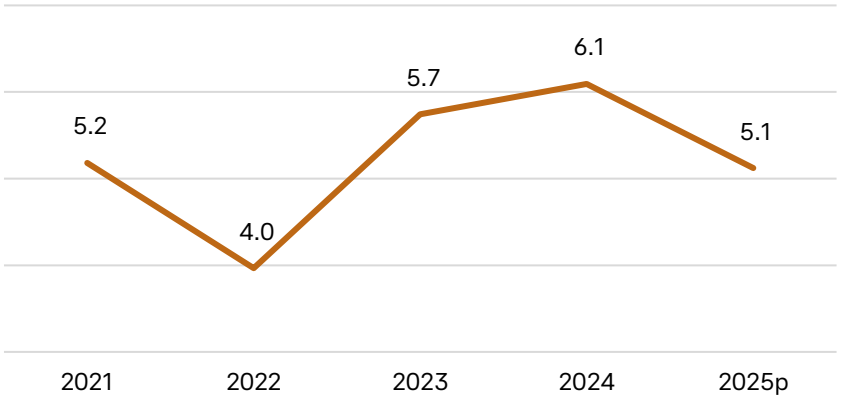
LIQUIDITY RATIO

The liquidity ratio varied between 9.5 percent and 13.5 percent from 2021 to 2025 (see Table 11.6). There was a significant decline of 3.6 percentage points in this ratio noted in 2023, that was primarily due to a reduction of Afl. 51.1 million or 22.2 percent in current assets, falling from Afl. 230.5 million at the end of 2022 to Afl. 179.4 million at the end of 2023. In 2024, the liquidity ratio rebounded to 12.5 percent. In 2025, however, the current assets fell from Afl. 241.8 million at year-end 2024 to Afl. 201.9 million at year-end 2025. The ratio hereby declined to 9.5 percent returning to the lower end of the range.

RETURN ON INVESTMENT RATIO

The return-on-investment ratio showed stable outcomes from 2021 to 2025, hovering between 4.0 percent and 6.1 percent (chart 11.21).

Chart 11.21 Return on investment ratio of the life insurance sector (at end of period and in percentages)



Source: CBA: life insurance companies; p= preliminary figures.

PROFITABILITY

The net income before taxes of the life insurance companies showed significant variation in the period 2021-2025. The net income before taxes fluctuated between a loss of Afl. 3.9 million and a profit of Afl. 38.5 million during this period. This loss of Afl. 3.9 million in 2022 was related to a reduction in the investment income of Afl. 14.6 million and a substantial expansion in the operating expenses and the technical provisions compared to 2021.

The results for the life insurance sector rebounded in the following years, achieving net profit before taxes of Afl. 17.1 million (2023), Afl. 25.0 million (2024), and Afl. 19.8 million (2025). This improvement was primarily due to increases in the investment income reaching Afl. 89.9 million in 2025.

11.4 Company pension funds[26]

The number of company pension funds (including APFA) supervised by the CBA stayed at seven at year-end 2025.

The net Coverage test ratio (including a buffer for possible losses on the investment portfolio) of all company pension funds was 114.7 percent, well above the required minimum of 101 percent during 2025.

Note that this required minimum will gradually increase with one percentage point on an annual basis during the period 2025 – 2029 until it reaches 105 percent.

11.4.1 AGGREGATED BALANCE SHEET TOTAL, TECHNICAL PROVISIONS, AND CAPITAL AND RESERVES

The combined assets of the company pension funds were Afl. 741.3 million, equivalent to 9.1 percent of Aruba's 2025 GDP, as estimated by the CBA.

AGGREGATED BALANCE SHEET TOTAL

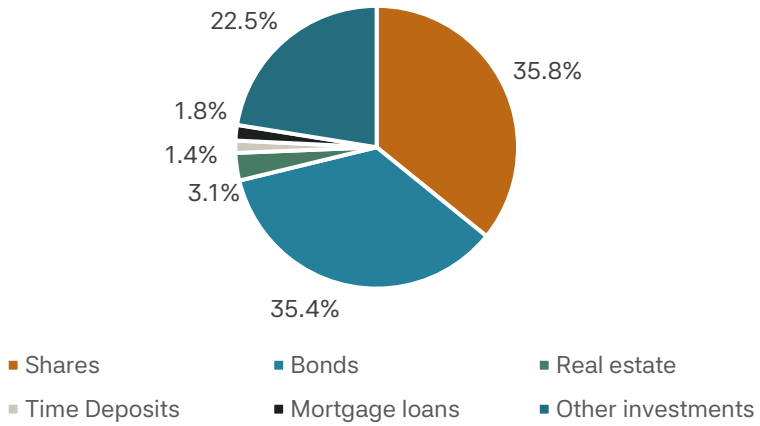
The aggregated balance sheet total of the five company pension funds (excluding APFA and the Lago Annuity Foundation, whose pension obligations are covered by a guarantee of the parent company) widened by Afl. 80.1 million or 12.1 percent, from Afl. 661.2 million at year-end 2024 to Afl. 741.3 million at year-end 2025. This was primarily driven by a surge in both the shares and bond portfolios, which increased by 16.3 percent and 19.5 percent, respectively in 2025.

The majority of the investments of the company pension funds were held in shares (35.8 percent), bonds (35.4 percent), and other investments (22.5 percent).

Furthermore, Afl. 278.3 million, or 39.8 percent of the total investment portfolio, was held in foreign assets in 2025, a substantial growth compared to 2024 (33.7 percent of the total investment portfolio). Chart 11.22 displays the composition of the investment portfolio at year-end 2025.

[26] Note that the developments in this section do not include the Civil Servants Pension Fund (APFA).

Chart 11.22 Investments of the company pension funds at year-end 2025



Source: CBA: company pension funds (preliminary figures).

TECHNICAL PROVISIONS

The aggregated technical provisions of the five company pension funds declined in 2022, but experienced steady annual growth thereafter culminating in a robust 8.4 percent increase during 2025. At year-end 2025, the technical provisions of the five company pension funds amounted to Afl. 584.0 million, a net increase of Afl. 45.4 million, or 8.4 percent, compared to year-end 2021.

The number of participants in the company pension funds is detailed in Table 11.7. At year-end 2025, the number of participating companies stood at 237, representing an increase of six companies compared to 2024.

Table 11.7 Number of participants in company pension fund sector (at end of period)

	2021	2022	2023	2024	2025p
Participants	7,433	7,786	8,277	8,507	8,933
Inactive participants	8,591	9,428	10,217	11,137	12,057
Pensioners	1,149	1,149	1,262	1,424	1,648
Total	17,173	18,363	19,756	21,068	22,638

Source: CBA: company pension funds; p=preliminary figures.

CAPITAL AND RESERVES

The capital and reserves of the company pension funds grew by Afl. 39.6 million during 2021 to 2025, rising from Afl. 113.8 million at the end of 2021 to Afl. 153.4 million at the end of 2025. In 2025, the capital and reserves rose by Afl. 34.5 million, expanding from Afl. 118.9 million to Afl. 153.4 million. This strong growth was driven mainly by the strong investment performance of the company pension funds.

11.4.2 KEY RATIOS COMPANY PENSION FUNDS

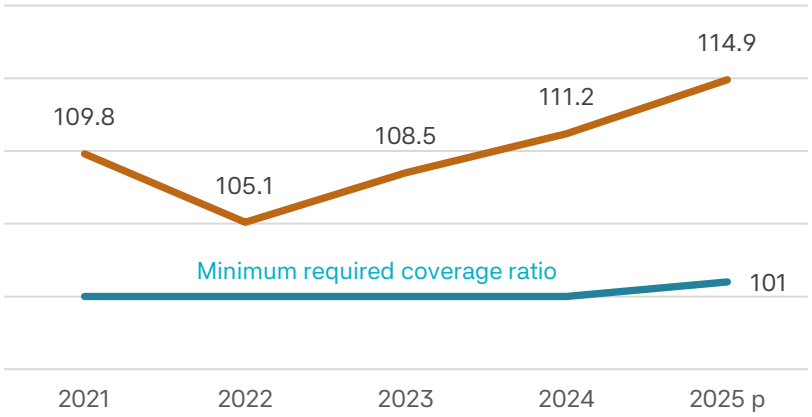
COVERAGE RATIO

The aggregated coverage test ratio for the company pension funds sector rose by 3.5 percentage points to 114.7 percent by year-end 2025, well above the minimum required level of 101 percent

Throughout 2025, all company pension funds complied with the minimum ratio requirement of 101 percent. This was primarily driven by a surge of the investment portfolio and the admissible assets covering the technical provisions growing at a faster pace than the technical provisions.

This resulted in an improvement of the coverage test ratio of 3.5 percent at year-end 2025 compared to year-end 2024.

Chart 11.23 Aggregated Coverage test ratio of company pension funds (at end of period and in percentages)



Source: CBA: company pension funds; p= preliminary figures.

Table 11.8 Financial soundness indicators for company pension funds on an aggregated basis (at end of period and in percentages)

	2021	2022	2023	2024	2025p
Coverage test ratio[1]	109.8	105.1	108.5	111.2	114.9
Return on investment ratio[2]	7.3	-1.1	8.2	7.8	8.8

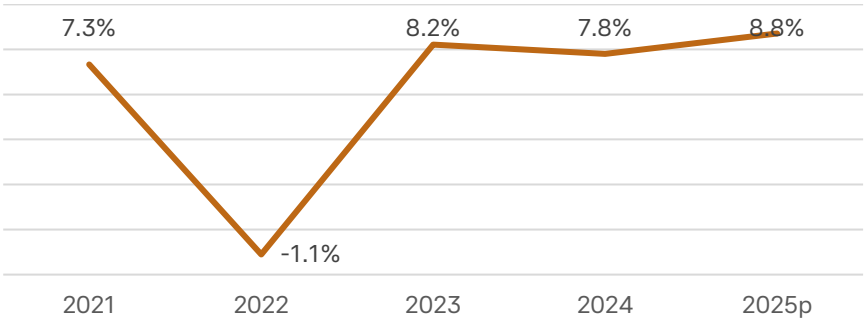
Source: CBA: company pension funds; p= preliminary figures.
1) Weighted assets less current liabilities to technical provisions.
2) Investment income to average invested assets.

RETURN ON INVESTMENT RATIO

With the exception of 2022, the return on investment hovered between 7.3 and 8.8 percent during the period 2021-2025. In 2025, the return-on-investment ratio was 8.8 percent, 1.0 percent point higher than the return on investment in 2024. This favorable outcome was driven by the positive developments on the international financial markets during the year under review (see also Table 11.8 and Chart 11.24).

The negative return on investment ratio of 1.1 percent in 2022 was mostly due to the Federal Reserve Bank's tightening of its monetary policy to combat the persistently high inflation at that time.

Chart 11.24 Return-on-investment ratio (at end of period and in percentages)



Source: CBA: company pension funds; p= preliminary figures.

11.5 Civil Servants Pension Fund (APFA)

11.5.1 BALANCE SHEET TOTAL, TECHNICAL PROVISIONS, AND CAPITAL AND RESERVES

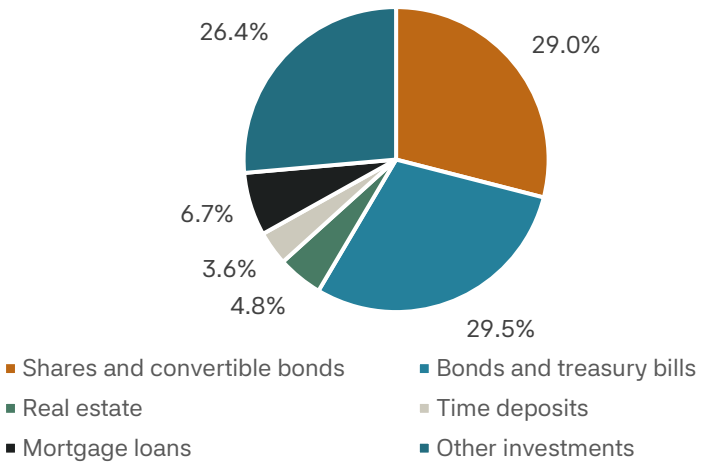
The total assets of APFA amounted to Afl. 3,934.5 million at year-end 2025, equivalent to 48.3 percent of Aruba's 2025 GDP, as estimated by the CBA.

BALANCE SHEET TOTAL

APFA's balance sheet total grew during the period 2021-2025, from Afl. 3,369.5 million at year-end 2021 to Afl. 3,934.5 million at year-end 2025, equivalent to an Afl. 565.0 million or 16.8 percent expansion. Its investment portfolio grew by Afl. 616.7 million or 19.1 percent over the same period, and is the primary driver for its balance sheet growth over this period. Moreover, in 2025, APFA's balance sheet total increased by Afl. 165.4 million or 4.4 percent, mostly pushed up by the increase of its investment portfolio, amounting to Afl. 189.0 million or 5.2 percent.

At the end of 2025, the majority (approximately 66.3 percent) of the investments were held in fixed-income instruments, namely bonds Afl. 1,135.1 million or 29.5 percent in bonds, Afl. 1,014.4 million or 26.4 percent in other investments, including consortium loans, Afl. 259.1 million or 6.7 percent in mortgage loans, and Afl. 140.0 million or 3.6 percent in time deposits. APFA invested Afl. 1,115.8 million or 29.0 percent in shares and convertible bonds. Furthermore, Afl. 1,924.9 million or 50.1 percent of APFA's investments were foreign.

Chart 11.25 Investment portfolio of APFA (at end of period)



Source: CBA: APFA; p= preliminary figures.

TECHNICAL PROVISIONS

During the period 2021-2025, the technical provisions climbed steadily by Afl. 409.7 million or 15.0 percent from Afl. 2,727.0 million at year-end 2021 to Afl. 3,136.7 million at year-end 2025. This growth is mainly due to an increase in the number of inactive participants, indexation of pension rights, adjustments to the mortality assumptions, and the joining of Stichting Bedrijfspensioenfonds Aruba to the APFA pension plan.

In 2025, APFA's technical provisions increased by Afl. 69.8 million or 2.3 percent, mainly due to interest addition, pension accruals and indexation of pension benefits.

As shown in Table 11.9, the total number of active participants in the APFA pension fund decreased by 266 participants, from 6,953 participants in

2021 to 6,687 participants in 2025. On the other hand, the number of pensioners rose by 536, from 4,338 to 4,874, over this five-year period.

Table 11.9 Number of APFA participants (at end of period)

	2021	2022	2023	2024	2025p
Participants	6,953	6,973	6,931	6,822	6,687
Former participants	1,314	1,512	1,611	1,751	1,797
Pensioners	4,338	4,513	4,600	4,717	4,874
Total	12,605	12,998	13,142	13,290	13,358

Source: CBA: APFA; p= preliminary figures.

CAPITAL AND RESERVES

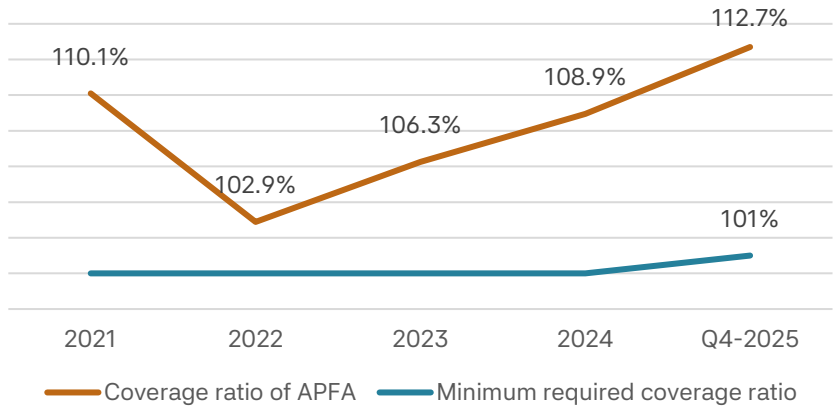
APFA's capital and reserves expanded by Afl. 161.6 million or 26.3 percent, to Afl. 776.2 million at year-end 2025. This was primarily caused by the strong performance of its investment portfolio in 2025.

11.5.2 KEY RATIOS APFA

COVERAGE RATIO

The net coverage ratio of APFA stood at 112.7 percent at year-end 2025, well above the 2025 regulatory minimum of 101.0 percent.

Chart 11.26 Net coverage ratio of APFA (at end of period and in percentages)



Source: CBA: APFA; p= preliminary figures.

Table 11.10 and Chart 11.26 depict the developments of APFA's net coverage ratio over the last five years. After experiencing a decline to 102.9 percent in 2022, APFA's net coverage ratio rebounded over the subsequent years, reaching 112.7 percent at year-end 2025. This gain is primarily attributed to a rise in the admissible assets over the years. As a result, the net coverage ratio rose by 2.1 percentage points, from 110.1 percent in 2021 to 112.7 percent at the end of 2025. Note that, also for APFA, the

minimum coverage ratio will increase gradually by one percentage point per year during the period 2025-2029 until it reaches 105 percent in 2029.

RETURN ON INVESTMENT RATIO

APFA recorded a return on investment ratio of 8.2 percent (see Table 11.10) in 2025. This positive outcome was driven by the strong performance of its international and local investment portfolios.

LIQUIDITY RATIO

APFA recorded a liquidity ratio of 2.0 percent as of year-end 2025. The decrease in APFA's liquidity ratio is attributed to a decrease in current assets and an increase in total assets. (see Table 11.10).

Table 11.10 Financial soundness indicators of APFA (at end of period and in percentages)

	2021	2022	2023	2024	2025p
Coverage ratio[1]	110.1	102.9	106.3	108.5	112.7
Return on investment ratio[2]	7.8	-4.3	8.7	7.4	8.2
Liquidity ratio[3]	3.9	4.4	3.0	2.7	2.0

Source: CBA: APFA; p= preliminary figures.

1) Weighted assets less current liabilities to technical provisions.
2) Investment income to average invested assets.
3) Current assets to total assets.

List of abbreviations

ABA	Aruban Bankers' Association
ACAMS	Association of Certified Anti-Money Laundering Specialists
ACSS	Association of Certified Sanctions Specialists
Afl.	Aruban florin
AFM	Autoriteit Financiële Markten (the Dutch Authority for the Financial Markets)
ALLP	Allocated loan loss provision
AML/CFT/CPF	Anti-Money Laundering/ Countering the Financing of Terrorism/ Countering Proliferation Financing
AML/CFT Handbook	Handbook for the Prevention and Detection of Money Laundering and Financing of Terrorism
AML/CFT State Ordinance	State Ordinance on the Prevention and Combating of Money Laundering and Terrorist Financing
APFA	Stichting Algemeen Pensioenfonds Aruba (the Civil Servants Pension Fund of Aruba)
AI	Artificial Intelligence
API	Application Programming Interface
ASBA	Association of Supervisors of Banks of the Americas
ASD	Annual Statistical Digest
BCBS	Basel Committee on Banking Supervision
BCM	Business Continuity Management
BCPs	Basel Core Principles
CAR	Capital Adequacy Ratio
CARTAC	Caribbean Regional Technical Assistance Centre
CBA	Centrale Bank van Aruba (the Central Bank of Aruba)
CBCS	Centrale Bank van Curaçao en Sint Maarten (the Central Bank of Curaçao and Sint Maarten)
CBvS	Centrale Bank van Suriname
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
CGBS	Caribbean Group of Banking Supervisors
CMMA	Coördinatiecentrum Mensenhandel Mensensmokkel Aruba
CTR	Coverage Test Ratio
CPF	Combating of Proliferation Financing
DIS	Deposit Insurance Scheme
DLT	Digital Ledger Technology
DNB	De Nederlandsche Bank N.V. (The Dutch Central Bank)
DNFBPs	Designated Non-Financial Businesses and Professions
DPP	Data Protection and Privacy
EDD	Enhanced Due Diligence
EML	Enforcement, Market Entry & Legal Advisory Department
EU	European Union
FATF	Financial Action Task Force
FIU Aruba	Financial Intelligence Unit of Aruba (*Meldpunt Ongebruikelijke Transacties*)
FSI	Financial Stability Institute
GDP	Gross Domestic Product
GIFCS	Group of International Finance Centre Supervisors
GIICS	Group of International Insurance Centre Supervisors
GOA	Government of Aruba
IAA	Insurance Association of Aruba
IAIS	International Association of Insurance Supervisors
ICPs	Insurance Core Principles
ICRG	International Cooperation Review Group

IO	Immediate Outcome
ISD	Integrity Supervision Department
IT	Information Technology
Ltd	Loan-to-deposit ratio
MER	Mutual Evaluation Report
ML (1)	Money Laundering
ML (2)	Machine Learning
MLCO	Money Laundering Compliance Officer
MLRO	Money Laundering Reporting Officer
ML/TF/PF	Money Laundering, Terrorist Financing, and Proliferation Financing
MoU	Memorandum of Understanding
(M)MoU	Multilateral MoU
MTCs	Money Transaction Companies
NRA	National ML/TF Risk Assessment
PEP	Politically Exposed Person
PF	Proliferation Financing
PLR	Prudential Liquidity Ratio
PSDB	Prudential Supervision Department Banks
PSIPI	Prudential Supervision Department Insurance Companies, Pension Funds & Investment Institutions
REGTECH	The use of digital tools and processes by financial institutions to manage the regulatory requirements they must comply with
SBO	Sound Business Operations
SDCIC	State Decree on Captive Insurance Companies
SDSIB	State Decree on the Supervision of Insurance Brokers
SOCPF	State Ordinance on Company Pension Funds
SOSCS	State Ordinance on the Supervision of the Credit System
SOSIB	State Ordinance on the Supervision of the Insurance Business
SOSMTC	State Ordinance on the Supervision of Money Transaction Companies
SOSSB	State Ordinance on the Supervision of the Securities Business
SOSTSP	State Ordinance on the Supervision of Trust Service Providers
SUPTECH	The use of technology for supervisory purposes
TF	Terrorist Financing
TSPs	Trust Service Providers
UBO	Ultimate Beneficial Owner
UTR	Unusual transaction report
VAs	Virtual Assets
VASPs	Virtual Asset Service Providers
WGFI	Working Group on FATF Issues

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Annexes

Annex 1 Overview of the supervisory and AML/CFT/CPF laws and Sanctions legislation

Supervisory and AML/CFT/CPF laws*

State Ordinance on the Supervision of the Credit System (SOSCS)
State Ordinance on Company Pension Funds (SOCPF)
State Ordinance on the Supervision of the Insurance Business (SOSIB)
State Decree on Captive Insurance Companies (SDCIC)
State Decree on the Supervision of Insurance Brokers (SDSIB)
State Ordinance on the Supervision of Money Transaction Companies (SOSMTC)
State Ordinance on the Supervision of Trust Service Providers (SOSTSP)
State Ordinance on the Supervision of the Securities Business (SOSSB)
Sanctions State Ordinance 2006
Sanctions State Decree Combat Terrorism and Terrorist Financing
State Ordinance on the Prevention and Combating of Money Laundering and Terrorist Financing
(AML/CFT State Ordinance)

* Excluding the subsidiary legislation that implements specific provisions contained in these ordinances.

Sanctions legislation

Sanctions State Ordinance 2006
Sanctions State Decree Combat Terrorism and Terrorist Financing
Sanctions State Decree Libya
Sanctions State Decree Ukraine
Sanctions State Decree Sudan
Sanctions State Decree South Sudan
Sanctions State Decree Syria
Sanctions State Decree Central African Republic
Sanctions State Decree Yemen
Sanctions State Decree North Korea
Sanctions State Decree Cyber Attacks
Sanctions State Decree Human Rights Violations
Sanctions State Decree Chemical Weapons
Sanctions State Decree Iran (repealed)
Sanctions State Decree Territorial Integrity Ukraine I
Sanctions State Decree Recognition Donetsk and Luhansk
Interim State Decree on Priority Sanctions Regimes

Annex 2 Financial institutions supervised by the CBA as of December 31, 2025

In alphabetical order:

1. BANKING SECTOR[27]

1.1 COMMERCIAL BANKS

1. Aruba Bank N.V. (AB)
2. Banco di Caribe (Aruba) N.V. (BDC)
3. Caribbean Mercantile Bank N.V. (CMB)
4. RBC Royal Bank (Aruba) N.V. (RBC)

1.2 MORTGAGE BANKS

1. Fundacion Cas pa Comunidad Arubano (FCCA)

1.3 CREDIT UNIONS

1. Cooperativa di Ahorro y Prestamo Aruba (CAPA)
2. Coöperatieve Spaar- en Kredietvereniging Douane Aruba (CSKDA)

1.4 OTHER FINANCIAL INSTITUTIONS

1. AIB Bank N.V. (AIB)
2. Island Finance Aruba N.V. (IFA)
3. Mack's Total Finance V.B.A.

[27] Supervision by virtue of the SOSCS.

2. MONEY TRANSFER SECTOR[28]

2.1 MONEY TRANSFER COMPANIES

1. Mack's Exchange Services V.B.A.
2. Union Caribe N.V.

3. TRUST SECTOR[29]

3.1 TRUST SERVICE PROVIDERS

1. Arulex Trust Services N.V.
2. C.T.F. (Aruba) N.V.
3. Euro Trust International N.V.
4. IMC International Management & Trust Company N.V.
5. Intima Management N.V.
6. Standard Trust Company N.V.
7. United Trust Management (Aruba) UTM N.V.

4. INSTITUTIONAL INVESTORS' SECTOR

4.1 COMPANY PENSION FUNDS[30]

1. Lago Annuity Foundation (LAGO)
2. Stichting Algemeen Pensioenfonds Aruba (APFA)
3. Stichting Fondo di Pensioen di Trahadornan di Empresanan y Fundacionnan Publico (FPEF)
4. Stichting Pensioenfonds Caribbean Mercantile Bank
5. Stichting Pensioenfonds Havenwerkers Aruba (SPHA)
6. Stichting Pensioenfonds META Bedrijven Aruba
7. Stichting Pensioenfonds Tourist Sector Aruba (PFTSA)

[28] Supervision by virtue of the SOSMTC.
[29] Supervision by virtue of the SOSTSP.
[30] Supervision by virtue of the SOCPF.

5. INSURANCE COMPANIES[31]

5.1 LIFE INSURANCE COMPANIES

1. American Bankers Life Assurance Company of Florida Limited, Aruba Agency
2. Ennia Caribe Leven (Aruba) N.V.
3. Fatum Life Aruba N.V.
4. Nagico Life Insurance (Aruba) N.V.
5. Pan-American Life Insurance Company of Aruba V.B.A.
6. Sagicor Life Aruba N.V.

5.2 NONLIFE (GENERAL) INSURANCE COMPANIES

	Insurer	Accident & Health	Motor Vehicle	Maritime, Transport & Aviation	Fire & Other Property	Other Indemnity
1	Bupa Insurance Company, Aruba Agency	✓	–	–	–	–
2	Ennia Caribe Schade (Aruba) N.V.	✓	✓	✓	✓	✓
3	Fatum General Insurance Aruba N.V.	✓	✓	✓	✓	✓
4	CG United Insurance Aruba N.V.	✓	✓	✓	✓	✓
5	NAGICO Aruba N.V.	✓	✓	✓	✓	✓
6	Netherlands Antilles & Aruba Assurance Company (NA&A) N.V.	✓	✓	✓	✓	✓
7	Stichting Fondo Nacional di Garantia pa Vivienda	–	–	–	–	✓
8	The New India Assurance Co. Ltd., Aruba Branch	✓	✓	✓	✓	✓

Source: CBA.

[31] Supervision by virtue of the SOSIB.

5.3 CAPTIVE INSURANCE COMPANIES[32]

1. Bancarib Real Insurance Aruba N.V.
2. MCB Risk Insurance N.V.
3. Mondis Manufacturers Insurance Company N.V.

5.4 INSURANCE BROKERS[33]

5.4.1 Premium collecting insurance brokers

1. Aresta Aruba N.V.
2. Assurantie Service Centrum Aruba A.S.C.A. N.V.
3. Boogaard Assurantiën N.V.
4. Framo Insurances N.V.
5. Jai Mahalaxmi Enterprises N.V.
6. Lyder Insurance Consultants N.V.
7. Navigator Insurance Consultants Aruba N.V.
8. Seguros Geerman N.V.
9. Verdant Insurance and Management Company Group N.V.
10. Worldwide Insurance Agency N.V.

5.4.2 Non-premium collecting insurance brokers

1. De L'Isle & Sons Insurance Brokers N.V.
2. EFS Equidad Financial Services N.V.
3. Turtle Island Insurance Broker N.V. Dba Aruba Insurance Brokers
4. WeThink Solutions Consultancy V.B.A.

[32] Supervision by virtue of the SOSIB and SDCIC.
[33] Supervision by virtue of the SDSIB.

Annex 3 Financial institutions or persons in possession of a dispensation as of December 31, 2025

FINANCIAL INSTITUTIONS OR PERSONS IN POSSESSION OF A DISPENSATION

PAWNSHOPS

1. Compra y Venta El Triunfo N.V.
2. Estrella America N.V.

FINANCE COMPANIES

1. Bluestart Capital (Aruba) VBA
2. Qredits Microfinanciering Nederland
3. Stichting Nationaal Restauratiefonds
4. Volkskredietbank van Aruba

MORTGAGE BROKERS

1. Framo Insurances N.V.
2. 5Star Aruba Mortgage Broker VBA

FINANCIAL INSTITUTIONS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 10, PARAGRAPH 1, OF THE SOSMTC

MONEY TRANSFER COMPANIES

1. MoneyGram International Inc.[34]
2. Western Union Financial Services International Inc.[35]

[34] For conducting money transfer activities through Union Caribe N.V.
[35] For conducting money transfer activities through Mack's Exchange Services V.B.A.

SECURITIES BROKERS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 4, PARAGRAPH 2, OF THE SOSSB

1. Aruba Bank N.V.
2. Banco di Caribe (Aruba) N.V.
3. Caribbean Mercantile Bank N.V.

LICENSED CREDIT INSTITUTIONS THAT REGISTERED AS AN INSURANCE BROKER AS MEANT IN ARTICLE 2, PARAGRAPH 3, OF THE STATE DECREE ON THE SUPERVISION OF INSURANCE BROKERS

1. Aruba Bank N.V.
2. Banco di Caribe (Aruba) N.V.
3. Caribbean Mercantile Bank N.V. (CMB)
4. Fundacion Cas pa Comunidad Arubano (FCCA)
5. Island Finance Aruba N.V.
6. RBC Royal Bank (Aruba) N.V.

PERSONS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 4, PARAGRAPH 2, OF THE SOSIB TO ACT AS AN INSURANCE AGENT FOR THE INSURANCE COMPANIES LISTED BELOW:

FATUM LIFE ARUBA N.V. AND FATUM GENERAL INSURANCE ARUBA N.V.:

1. Ms. O.J. Barret
2. Mr. G.M. Daal
3. Mrs. B. Franke-Trumpie
4. Mr. J.W.P.J. Kaan
5. Mr. J.A.M. Lomans
6. Mr. R.W. van der Meulen
7. Mr. E.G. Schwengle
8. Mr. R. Seraus

PAN-AMERICAN LIFE INSURANCE COMPANY OF ARUBA V.B.A.:

1. Mr. I. Chai
2. Mrs. M.I. Garcia Martinez
3. Mrs. L. Kelly
4. Ms. M. Kock
5. Mrs. V.S. Malavez de los Santos-Ras
6. Mr. J.R. Martina

7. Ms. J.M. Villafaña-Reyes

SAGICOR LIFE ARUBA N.V.:

1. Mrs. F. Bernier Corbacho
2. Mr. M.L. Croes
3. Mrs. D.A. Dormoy
4. Mr. M.A. El-Hendi
5. Mrs. L.R. Faustin
6. Mrs. O.A. Inocencia
7. Mrs. B.S. van Loon-Kadir
8. Mrs. N.C. Marquez Hidalgo
9. Mr. F.C. Martina
10. Mrs. M.V. Peters
11. Mrs. S.J.G. Velthuizen

(LEGAL) PERSONS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 4, PARAGRAPH 2, OF THE SOSIB TO ACT AS AN INSURANCE AGENT PROVIDING SUPPLEMENTARY INSURANCE BROKERAGE SERVICES

1. Aruba Living Today N.V.

Annex 4 (M)MoUs entered into by the CBA

Supervisory authority	Scope	Year signed
CBCS	Exchange of information regarding banks	1998
CBCS	Exchange of information regarding insurance companies	2003
Multilateral MOU between Regional Regulatory Authorities in the Caribbean	Exchange of information and cooperation and consultation for adequate supervision of financial institutions	2011[36]
FIU of Aruba	Cooperation and information exchange	2011
Public Prosecutor's Office of Aruba	Cooperation and information exchange	2012
Supervisors of the Kingdom of the Netherlands	Sharing of information in support of the objective of facilitating and meeting requirements for effective supervision of the financial sectors and financial markets in the Dutch Kingdom	2013
DNB	Cooperation and exchange of information in the area of supervision of banks, insurance companies, trust service providers, and money transfer companies	2014
AFM	Cooperation and exchange of information in the area of supervision of banks, insurance companies, insurance brokers, trust service providers, and money transfer companies	2015
GIFCS	Cooperation and information exchange	2019[37]
IAIS	Cooperation and information exchange	2022[38]
CBvS	Cooperation and information exchange	2025

[36] Revised in 2019
[37] Agreed upon in 2016.
[38] The accession to and signing of the MMoU took place in May 2022.

Annex 5 Attendance of (virtual) meetings of international supervisory bodies in 2025

This annex provides an overview of the (virtual) meetings attended in 2025 by the CBA's supervisory staff in the areas of financial sector supervision and AML/CFT oversight.

Supervisory group/institution	Main topics discussed
GIFCS Plenary meeting (April)	▪ Reflections by the BCBS on lessons from the 2023 banking turmoil ▪ Liquidity risk in the light of the 2023 banking turmoil ▪ Authorities' response to managing liquidity risk ▪ Early supervisory action, key challenges and the role of qualitive measures
CGBS Annual Strategic Planning Meeting (January)	▪ CGBS 2023-2026 Strategic Plan ▪ Updates from technical working groups ▪ Updates from CGBS representatives
CGBS XLII Annual Conference and related meeting– "Strengthening fundamentals in the digital age." (June)	▪ Strengthening governance and risk management in a digital landscape ▪ Crisis management and consumer protection in the digital era ▪ Modernizing financial supervision – embracing technology and cross border collaboration
GIICS Annual Seminar and Annual General Meeting (June)	▪ Insurance and climate change ▪ Reinsurance law ▪ Trends in captives ▪ The organized crime threat to the insurance industry
ASBA XXVIII Annual Assembly and High-level Meeting (October) - "Banking Supervision"	▪ ASBA-BCBS-FSI High-Level Meeting ▪ XXVIII Annual Assembly ▪ Macro-financial developments for Latin America and the Caribbean ▪ Developments in the area of payments systems: crypto assets, stablecoins and CBDCs ▪ Bank insolvency regimes and supervisory effectiveness
World Bank Group / IMF Annual meetings (October)	▪ Structural shifts in life insurance and implications for Financial Stability ▪ Building resilience in a natural disaster-prone world
CFATF WGFI and Plenary meetings (May and November)	▪ Discussion on key issues and approval of the MERs of Curaçao and Sint Maarten based on the 4th Round Methodology

	▪ Follow-up reports of some jurisdictions in light of the shortcomings identified following the mutual evaluations undertaken by the CFATF of these jurisdictions ▪ Presentation on migrant smuggling threat and actions taken to mitigate those emerging risks ▪ Presentations on preparations for the 5th Round of Mutual Evaluations, including review of relevant changes to the FATF Standards ▪ Results of the FATF Working Group Meetings (February, June, and October 2025) ▪ Amendment of CFATF Mutual Evaluation Procedures including unintended consequences

Annex 6 Changes in the shareholding

FINANCE COMPANIES

- On May 28, 2025, pursuant to article 17, paragraph 2, of the State Ordinance on the Supervision of the Credit System (SOSCS) in conjunction with Mack's Total Finance VBA's dispensation to operate as a finance company, the CBA granted permission to Mrs. Abas to take over the existing qualifying holding of the late Mr. G. van Trigt in Mack's Total Finance VBA.

INSURANCE COMPANIES

- On May 7, 2025, pursuant to article 14a, paragraph 1, of the State Ordinance on the Supervision of the Insurance Business (SOSIB), the CBA granted permission to First Star Inc. and Macarina Trust to increase their respective qualifying holding in Nagico Aruba N.V. respectively Nagico Life Insurance Aruba N.V. to 100 percent.[39]

[39] This permission is bound to conditions.

Annex 7 Integrity and suitability assessments conducted in 2025

This annex provides an overview of the integrity and suitability assessments conducted in 2025.

Sector	Credit institutions	Insurance companies	Company pension funds	MTCs	Trust service providers	Insurance brokers	**Total**
Pending as of January 1, 2025	9	2	-	-	-	-	**11**
New requests	9	8	-	1	1	3	**22**
Reassessments	-	-	-	-	-	-	**-**
Withdrawn requests	-	2	-	-	-	-	**2**
Rejected requests	-	-	-	-	-	-	**-**
Approved	4	3	-	-	-	-	**7**
Conditionally approved	5	5	-	-	--	1	**11**
Assessments ceased	2	-	-	-	-	-	**2**
Pending as of December 31, 2025	7	-	-	1	1	2	**11**

Annex 8 Type of breaches identified in 2025 during the AML/CFT and DSBO onsite examinations

Sector: Financial Institutions	Breaches of the AML/CFT State Ordinance	Areas
Pawnshop	Chapters 2 and 6, and article 26 of the AML/CFT State Ordinance	Customer due diligence Policies, procedures and measures Reporting of unusual transactions

Sector: DNFPBs	Breaches of the AML/CFT State Ordinance	Areas
Real estate companies	Chapters 2 and 6, and article 26 of the AML/CFT State Ordinance	Customer due diligence Policies, procedures and measures Money Laundering Compliance Officer (MLCO) Money Laundering Reporting Officer (MLRO) Reporting of unusual transactions
Casinos	Chapters 2 and 6, and article 26 of the AML/CFT State Ordinance	Customer due diligence Policies, procedures and measures Reporting of unusual transactions

Annex 9 Overview of the information sessions held by ISD 2025

Sector	Month	Type of Session	Main topics discussed
Real Estate (Representative organization: Association of Aruban Realtors - AAR)	May	Meeting	* Training of real estate agents in the AML/CFT/CPF area * Results of recent onsite examinations
Financial institutions • **Credit institutions** • **Insurance sector** • **Company pension funds** • **MTCs** **DNFBPs:** • **TSPs** • **Lawyers and legal professionals** • **Notaries** • **Tax advisors** • **Accountants** • **Casinos** • **Real estate companies/agents and project developers**	November	General sessions(4)	* International and national sanctions measures (UN, EU, and US regimes) * Sanctions evasion * Sanctions screening * Alert handling * Dual-use and other restricted goods * Red flags related to sanctions * Case studies and examples of good practices

Annex 10 Effectiveness and Technical Compliance Ratings according to the July 2022 MER of Aruba

Table 1: Effectiveness ratings

	Immediate Outcome (IO)	Rating
IO.1	Risk, policy, and coordination	SE
IO.2	International cooperation	SE
IO.3	Supervision	SE
IO.4	Preventive measures	SE
IO.5	Legal persons and arrangements	ME
IO.6	Financial intelligence ML/TF	SE
IO.7	ML investigation and prosecution	ME
IO.8	Confiscation	SE
IO.9	TF investigation and prosecution	ME
IO.10	TF preventive measures and financial sanctions	ME
IO.11	PF financial sanctions	LE

Note: Effectiveness ratings can be either: Highly Effective - HE, Substantially Effective - SE, Moderately Effective - ME, or Low Effectiveness– LE.

Table 2: Technical compliance ratings

FATF Recommendation (R)	Rating
R.1 – Assessing risk and applying a risk-based approach	LC
R.2 – National cooperation and coordination	LC
R.3 – ML offences	LC
R.4 – Confiscation and provisional measures	C
R.5 – Terrorist financing offence	C
R.6 – Targeted financial sanctions related to terrorism and terrorism financing	LC
R.7 – Targeted financial sanctions related to proliferation	PC
R.8 – NPOs	PC
R.9 – Financial institution secrecy laws	C
R.10 – CDD	LC
R.11 – Record keeping	C
R.12 – PEPs	C
R.13 – Correspondent banking	C
R.14 – Money or value transfer services	C
R.15 – New technologies	PC
R.16 – Wire transfers	C
R.17 – Reliance on third parties	C
R.18 – Internal controls and foreign branches and subsidiaries	C
R.19 – Higher risk countries	LC
R.20 – Reporting of suspicious transactions	C
R.21 – Tipping-off and confidentiality	C

FATF Recommendation (R)	Rating
R.22 – DNFBPs: CDD	LC
R.23 – DNFBPs other measures	LC
R.24 – Transparency and beneficial ownership of legal persons	PC
R.25 – Transparency and beneficial ownership of legal arrangements	PC
R.26 – Regulation and supervision of financial institutions	C
R.27 – Powers of supervisors	C
R.28 – Regulation and supervision of DNFBPs	PC
R.29 – FIUs	C
R.30 – Responsibilities of law enforcement and investigative authorities	C
R.31 – Powers of law enforcement and investigative authorities	C
R.32 – Cash couriers	LC
R.33 – Statistics	PC
R.34 – Guidance and feedback	C
R.35 – Sanctions	LC
R.36 – International instruments	LC
R.37 – Mutual legal assistance	LC
R.38 – Mutual legal assistance: freezing and confiscation	LC
R.39 – Extradition	LC
R.40 – Other forms of international co-operation	LC

Note: Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non-compliant.

Annex 11 Sectoral AML/CFT/CPF and DSBO Risk Assessments

This annex outlines the outcomes of the sectoral AML/CFT/CPF and DSBO risk assessments carried out by the CBA in 2025.[40] In light of the banking sector's size, relevance, and interconnectedness with other supervised sectors, each of the four (4) commercial banks operating in Aruba was subject to an individual assessment. These individual assessments identified varying risk levels: two (2) commercial banks were rated high-risk, one (1) medium-high risk, and one (1) medium risk for AML/CFT/CPF. In relation to DSBO, two (2) commercial banks were classified as high-risk and the other two (2) as medium risk.

Table 1: Sectoral AML/CFT/CPF risk scores: Financial Institutions

Sectors	AML/CFT/CPF risk score 2025
Financial institutions	
Banks	H / MH
Bank Like Institutions	M
Credit Unions	ML
MTCs	MH
Pawnshops	M
Life Insurance Companies incl. Sales Agents	ML
Insurance Brokers	ML
Pension Funds	ML

Table 2: Sectoral AML/CFT/CPF risk scores: DNFBPs

Sectors	AML/CFT/CPF risk score 2025
DNFBPs	
TSPs	H
Casinos	H
Real Estate Companies	H
Accountants	MH
Tax Advisors	MH
Lawyers	M
Notaries	M
Jewelers	MH
Car & Vessel Dealers	ML
VASPs	N/R

[40] The scope of the DSBO is limited to financial institutions and TSPs.

Table 3: Sectoral DSBO risk scores:

Sectors	DSBO risk score 2025
Financial institutions	
Banks	H / MH
Bank Like Institutions	MH
Credit Unions	M
MTCs	M
Life Insurance Companies incl. Sales Agents	ML
Insurance Brokers	ML
Pension Funds	M
DNFBPs	
TSPs	MH

H: High; MH: Medium High; M: Medium; ML: Medium Low L: Low; N/R: Not Rated[41]

[41] In 2025, VASPs were not rated for AML/CFT/CPF given that there are currently no VASPs registered with the CBA.

Annex 12 Formal measures imposed per sector for non-compliance

Formal measures imposed per sector for non-compliance with the supervisory state ordinances and the AML/CF state ordinance.

	2023			2024			2025		
Sector	Instructions	Penalty charge orders	Administrative fines	Instructions	Penalty charge orders	Administrative fines	Instructions	Penalty charge orders	Administrative fines
Credit Institutions	-	-	3	-	-	-	-	-	1
Pawnshops	-	-	-	-	1	2	-	-	-
Insurers	-	-	1	-	-	1	-	-	-
Captive Insurers	-	-	-	-	-	-	-	-	-
Insurance Brokers	-	-	1	-	1	-	-	1	-
Money Transfer Companies	-	-	-	-	-	-	-	-	1
Pension Funds	-	-	-	-	-	-	-	-	-
Trust Service Providers	-	-	-	-	-	-	-	-	1
DNFBPs:									
-Casinos	-	-	-	-	-	-	-	-	2
-Lawyers	-	-	-	-	-	-	-	-	-
-Real Estate	-	-	-	-	-	-	-	-	2
-Notaries	-	-	-	-	-	-	-	-	-
-Tax consultants	-	-	-	-	-	-	-	-	-
-Accountants	-	-	-	-	-	-	-	-	-
-Others	-	-	3	-	-	-	-	-	-
Total	**-**	**-**	**8**	**-**	**2**	**3**	**-**	**1**	**7**

Annex 13 Supervisory costs passed on in 2025

Pursuant to the respective state decrees[42], the CBA charges the supervised sectors for (part) of the supervisory costs incurred. The supervisory costs passed on per state ordinance and to the different sectors in 2025 are as follows:

Total supervisory costs charged for the execution of the:	Supervisory costs passed on in 2025	
Sectoral state ordinances	Afl.	1,582,500
AML/CFT State Ordinance (DNFPB-sector)	Afl.	345,000
Total	Afl.	1,927,500

[42] Pursuant to, respectively, the State Decree on the charging of supervision costs to the credit institutions, the State Decree on the charging of supervision costs to insurance companies, the State Decree on Captive Insurance Companies, the State Decree on the charging of supervision costs to insurance brokers, the State Decree on the charging of supervision costs to company pension funds, the State Decree on the charging of supervision costs to money transaction companies, and the State Decree on the charging of supervision costs to trust service providers.

Sectors	Supervisory costs passed on in 2025	
Credit institutions	Afl.	800,000
Insurers	Afl.	300,000
Captives	Afl.	22,500
Insurance brokers	Afl.	55,000
Company pension funds	Afl.	155,000
Money transaction companies	Afl.	150,000
Trust service providers[43]	Afl.	100,000
Total	Afl.	1,582,500

[43] Even though the TSPs are considered DNFBPs pursuant to the AML/CFT State Ordinance, the charging of supervision costs to the TSPs is based on the State Decree on the charging of supervision costs to trust service providers.

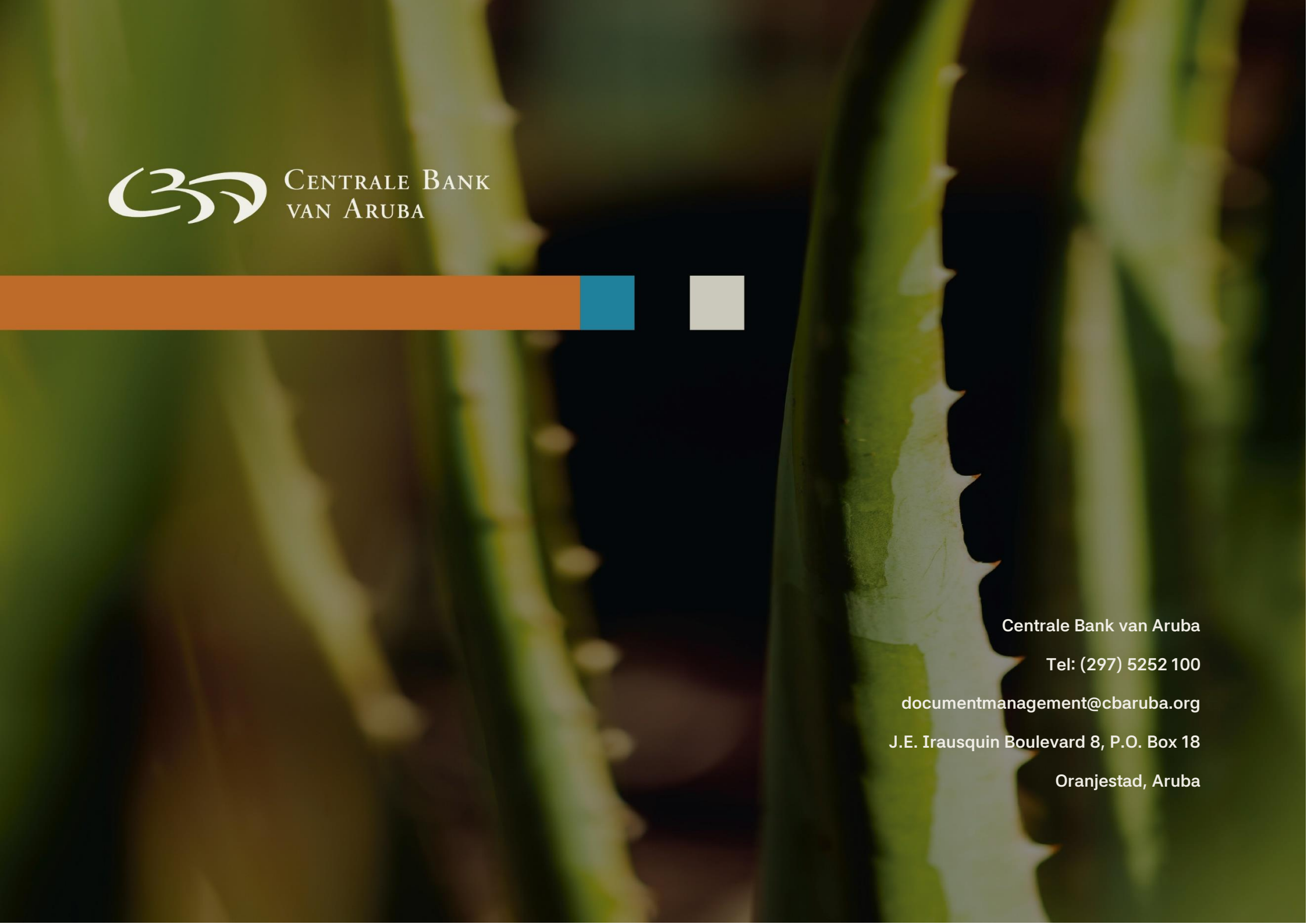
DNFBPs: Designated non-financial businesses and professions [44]	Supervision costs passed on in 2025	
Casinos	Afl.	67,500
Real Estate companies	Afl.	176,250
Jewelers	Afl.	12,000
Car & Vessel Dealers	Afl.	10,500
Law firms	Afl.	27,000
Accountants	Afl.	28,500
Tax Advisors	Afl.	17,250
Notaries	Afl.	3,750
Arts & Antiquities	Afl.	2,250
Total	Afl.	345,000

[44] On January 1, 2023, the State Decree on the allocation of supervision costs to non-financial service providers AML/CFT State Ordinance came into effect.

Annex 14 Overview of trainings followed by the staff of the Supervision and Enforcement Division

This annex provides an overview of the trainings and courses attended by the supervision staff in 2025, including both in-person and virtual sessions. Continuous training is essential to maintaining a highly qualified supervisory workforce, enabling staff to keep pace with the evolving regulatory landscape and industry developments, thereby ensuring high-quality oversight of supervised institutions.

Prudential Supervision	
Institution	**Topic**
Bank for International Settlements (BIS)	Supervisory and Regulatory Course for banking supervisors.
IMF-Cartac	Basel Core principles for effective banking supervision, climate risk, financial stability, and Virtual Assets Supervision.
DNB	IT risk supervision
Board of Governors of the Federal Reserve Bank	Liquidity risk management & Risk management and internal controls.
GIICS	Reinsurance / insurer financial analysis / sustainability / onsite inspections / climate risks
NAIC	Solvency Framework / Risk-focused financial analysis / reinsurance / reserves, capital adequacy and solvency / enterprise risk management / resolution
Integrity Supervision	
Association of Certified Anti- Money Laundering Specialists (ACAMS)	Fraud / Anti-financial crime trends / FATF's 5th Round of Mutual Evaluations / Sanctions / New technology
Association of Certified Sanctions Specialists (ACSS)	Sanctions and export controls updates / EU Sanctions Helpdesk / Refreshment on UN/EU sanctions measures / Sanctions evasion
FATF	TF risks / Proliferation / Sanctions evasion schemes / VAs and VASPs
Florence School of Transnational Governance	EU restrictive measures
International Monetary Fund (IMF)	AML/CFT risk-based supervision
Board of Governors of the Federal Reserve System	AML (onsite) examination
Enforcement, Market Entry, and Legal Advisory	
European University Institute	Sanction training
Board of Governors of the Federal Reserve Bank	Anti-Money Laundering examination seminar
IMF	Fintech Market development and policy implications
Cartac	Virtual Assets supervision



Centrale Bank van Aruba

Centrale Bank van Aruba

Tel: (297) 5252 100

documentmanagement@cbaruba.org

J.E. Irausquin Boulevard 8, P.O. Box 18

Oranjestad, Aruba