

**CONDENSED FINANCIAL STATEMENTS
2015**



April 15, 2016

CENTRALE BANK VAN ARUBA

*Initialed on behalf of
PriceWaterHouseCoopers
Aruba
For identification purposes only
Oranjestad,*

CENTRALE BANK VAN ARUBA**CONDENSED BALANCE SHEET**
(before allocation of net result)
(Afl.)

	<i>As of</i> <u>December 31, 2015</u>	<i>As of</i> <u>December 31, 2014</u>
<i>Assets</i>		
1. Gold	211,617,786	238,910,454
2. Foreign currency assets		
2.1 Due from banks	273,170,085	43,827,955
2.2 Government and other papers	994,684,182	953,680,983
2.3 Other	2,688,773	4,446,539
	<u>1,270,543,040</u>	<u>1,001,955,477</u>
3. Other assets		
3.1 Receivables	8,609,554	15,903,209
3.2 Stock of coins and printing cost bank notes	1,260,036	1,563,119
3.3 Fixed assets	11,464,558	9,615,588
3.4 Projects in progress	860,928	578,473
	<u>22,195,076</u>	<u>27,660,389</u>
	<u>1,504,355,902</u>	<u>1,268,526,320</u>

CENTRALE BANK VAN ARUBA**CONDENSED BALANCE SHEET**
(before allocation of net result)
(Afl.)*As of*
December 31, 2015*As of*
December 31, 2014*Liabilities and equity*

1. Bank notes in circulation	271,278,795	261,773,570
2. Deposits of residents		
2.1 Government	73,709,343	50,832,229
2.2 Commercial banks	930,716,054	735,934,104
2.3 Other	35,313,361	9,185,905
	<u>1,039,738,758</u>	<u>795,952,238</u>
3. Deposits of nonresidents	2,211,935	1,106,545
4. Money in custody	1,811,810	1,811,266
5. Payables and accrued expenses	4,352,575	3,525,062
6. Revaluation account	95,338,921	115,760,367
7. Capital and reserves		
7.1 Capital	10,000,000	10,000,000
7.2 General reserve	76,312,882	76,312,882
	<u>86,312,882</u>	<u>86,312,882</u>
Net result for the year	3,310,226	2,284,390
	<u>1,504,355,902</u>	<u>1,268,526,320</u>

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Condensed Financial Statements 2015

CENTRALE BANK VAN ARUBA	CONDENSED PROFIT AND LOSS ACCOUNT (Afl.)	
	2015	2014
1. Net interest revenues	6,050,763	13,241,905
2. Other revenues	16,694,838	6,775,876
Total income	22,745,601	20,017,781
3. Amortization of stock of bank notes	310,644	310,644
4. Personnel expenses	12,985,767	12,885,429
5. Operating expenses	5,026,681	3,694,560
6. Depreciation expenses	1,112,283	842,758
Total expenses	19,435,375	17,733,391
Net result	3,310,226	2,284,390
Profit distribution		
Allocated to the Treasury Department	3,310,226	2,284,390
Allocated to the General Reserve	-	-

CENTRALE BANK VAN ARUBA**CONDENSED CASH FLOW STATEMENT
(Afl.)**

	<u>2015</u>	<u>2014</u>
Operating activities		
Net result	3,310,226	2,284,390
<u>Adjustments for:</u>		
- Depreciation expenses	1,112,283	842,758
- Amortization expenses	310,644	310,644
- Adjustment beginning balance project in progress	<u>80,000</u>	<u>-</u>
	1,502,927	1,153,402
<u>Changes in working capital</u>		
Decrease/(Increase) in receivables	7,293,655	(7,441,544)
(Increase) in stock of coins	(7,561)	(3,380)
Increase in bank notes in circulation	9,505,225	24,074,895
Net increase in deposits of residents and nonresidents	244,891,910	793,477
Increase in money in custody	544	858,190
Increase/(Decrease) in payables and accrued expenses	<u>827,513</u>	<u>(1,785,949)</u>
	262,511,286	16,495,689
Total cash flow from operating activities	267,324,439	19,933,481
Investment activities		
Net investments in fixed assets and projects in progress	(3,323,708)	(817,681)
Net cash investments in government and other papers	(33,959,543)	(120,590,296)
Change in interest receivables from foreign currency assets	<u>1,468,263</u>	<u>(451,074)</u>
Total cash flow (used in) investment activities	(35,814,988)	(121,859,051)
Financing activities		
Paid dividends	<u>(2,284,390)</u>	<u>(1,642,597)</u>
Total cash flow (used in) financing activities	(2,284,390)	(1,642,597)

CENTRALE BANK VAN ARUBA**CONDENSED CASH FLOW STATEMENT**
(Cont'd)
(Afl.)

	<u>2015</u>	<u>2014</u>
Total net increase/(decrease) in cash and cash equivalents	229,225,061	(103,568,167)
Cash and cash equivalents as of January 1,	44,253,370	147,907,110
Effects of exchange rate changes on the balance of cash held in foreign currencies	(172,434)	(85,573)
Cash and cash equivalents as of December 31,	273,305,997	44,253,370
Cash and cash equivalents comprises:		
Due from banks as of December 31,	273,170,085	43,827,955
Bank notes as of December 31,	<u>135,912</u>	<u>425,415</u>
	273,305,997	44,253,370

**NOTES TO THE CONDENSED BALANCE SHEET AS OF DECEMBER 31, 2015 AND
THE CONDENSED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2015**

1. GENERAL

For publication purposes, the Centrale Bank van Aruba (CBA) prepared the condensed financial statements derived from the CBA's audited balance sheet and profit and loss account for the year 2015, which have been drawn up pursuant to article 31, paragraphs 1 and 3 of the Central Bank Ordinance (CBO) (AB 1991 no. GT 32).

The external auditor expressed an unqualified opinion on the CBA's financial statements for the year 2015 in its report dated January 29, 2016.

2. ACCOUNTING POLICIES

Basis of presentation

The financial information used to produce the condensed financial statements 2015 was derived from the CBA's audited balance sheet and profit and loss account for the year 2015, and do not include all the detailed information and disclosures contained in the audited financial statements 2015. The latter was prepared in accordance with the accounting policies as stated in the CBO. For the accounting policies not defined in this ordinance, the CBA applies those of the European Central Bank (ECB) and the European System of Central Banks (ESCB).

Accounting principles

The following accounting principles have been applied: transparency, prudence, recognition and disclosure of post-balance-sheet events, materiality, going concern, the accruals principle, consistency and comparability.

Recognition of assets and liabilities

An asset or liability is only recognized in the balance sheet when it is probable that any associated future economic benefit will flow to or from the CBA, substantially all of the associated risks and rewards have been transferred to the CBA, and the cost or value of the asset or the amount of the obligation can be measured reliably.

Basis of accounting

The financial statements have been prepared on a historical cost basis, modified to include the market valuation of gold, marketable securities and on-balance sheet claims and liabilities denominated in foreign currencies. Transactions in financial assets and liabilities are reflected in the accounts on the basis of the date on which they are settled.

Conversion of foreign currency

Assets and liabilities denominated in foreign currencies are converted into Aruban florin (Afl.) at the rate of exchange (middle rate) prevailing at the balance sheet date. Transactions in foreign currencies during the reporting period are incorporated in the financial statements at the rate of settlement. The exchange rate for one U.S. dollar (USD) is fixed at Afl. 1.79, in accordance with the State Decree Value of the Aruban florin (AB 1992 No. GT 6). The exchange rate for one Netherlands Antillean guilder (ANG) is also fixed at Afl. 1.00.

Comparison with previous year

The principles of valuation and determination of results remained unchanged in the year 2015.

Gold, marketable securities, on-balance sheet claims and liabilities denominated in foreign currency

Gold, marketable securities, and on-balance sheet claims and liabilities denominated in foreign currencies are valued at market prices prevailing at the last working day of the financial year.

Changes in the market value of gold, marketable securities, on-balance-sheet claims and liabilities denominated in foreign currency are recognized in the revaluation account, included on the liabilities side of the balance sheet.

The accounting policies of the ECB and ESCB prescribe that unrealized losses shall be recorded in the profit and loss account, when exceeding previous revaluation gains registered in the corresponding revaluation account. This accounting treatment is not in conformity with article 31, paragraph 2, of the CBO, which requires that changes in the valuation of the gold and foreign exchange reserves and business assets of the CBA occurring during the financial year shall be reported on the liabilities side of the balance sheet. Therefore, unrealized losses are charged to the revaluation account.

Receivables

Receivables are recognized at their nominal value, less provision for impairment if considered necessary.

Stock of coins

The stock of coins comprises commemorative coins available for sale. The stock of coins is valued at selling price.

Printing cost bank notes

Printing cost bank notes consists of the printing costs involved to cover the supply of bank notes for a period of years. These printing costs are amortized over a period of 5 years, starting from the date the bank notes are brought into circulation by the CBA.

Other fixed assets, premises

Premises and other fixed assets are valued at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the expected useful life of the assets, beginning from the moment of use. The useful lives applied for the main asset classes are as follows:

- Premises, comprising of the CBA's building, renovations and landscaping:
40 years, with a residual value of 30%
- Other fixed assets:
 - computer hardware and software 3 to 5 years
 - furniture and equipment 5 years
 - motor vehicles 3 to 5 years
 - equipment 3 to 10 years

Projects in progress

The projects in progress include several projects still in process of being executed as per year-end. When completed, the acquired assets are transferred to their respective capital asset accounts. Subsequently, the depreciation of these assets starts.

Bank notes in circulation

The CBA issues Aruban florin bank notes. Bank notes in circulation are recognized at their nominal value.

Other liabilities (deposits of residents and non-residents, money in custody and payables and accrued expenses)

Other liabilities are recognized at their nominal value.

Post-balance-sheet events

The values of assets and liabilities are adjusted for events that occur between the annual balance sheet date and the date on which the President and Executive Directors authorize the submission of the CBA's financial statements to the Board of Supervisory Directors for approval, if such events materially affect the condition of assets and liabilities at the balance sheet date. Important post-balance-sheet events that do not materially affect the condition of assets and liabilities at the balance sheet date are disclosed in the notes, if considered necessary.

Revenue recognition

Revenue consists of the following categories:

- Revenue, consisting mostly of interest income and realized gains and losses from the investment portfolios. These revenues are recognized in the period in which they are earned.
- Other revenues – foreign exchange, being the net transaction profits resulting from the margin between the buying and selling rates of foreign exchange applied by the CBA. These revenues are recognized in the period in which they are earned.
- Other revenues – coins, being the difference between the face value and the cost of minting of the coins ('seignorage'). Pursuant to article 12, paragraph 1 of the State Ordinance Governing the Monetary System (AB 1991 no. GT 34), coins are minted exclusively for the account of the government of Aruba, whereas, in conformity with article 7 of the CBO, the CBA is entrusted with the issuing of these coins. These revenues are recognized in the period in which they are earned.
- Other revenues – exchange rate margin compensation, being the amounts obtained by the CBA following the introduction of the State Ordinance Exchange Rate Margin Compensation Centrale Bank van Aruba (AB 2014 no. 57) (SOERMC) as of April 1, 2015. The foreign exchange banks owe the CBA an exchange rate margin compensation comprising 3/8 percent of the counter value in Aruban florin of all foreign exchange sales transactions to the public, minus 1/8 percent of the counter value in Aruban florin of all foreign exchange purchase transactions to the public. These revenues are recognized based on an estimate by the CBA, which is subsequently compared to the actual payment received, taking into account any subsequent amendments and/or adjustments by the foreign exchange banks or the CBA.
- Other revenues – various, including a number of smaller revenue items, recognized in the period in which they are earned. This category includes revenues related to administrative fines that are recognized in the period in which they are collected.

Expenses

Expenses are recognized in the period in which they are incurred by the CBA.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of due from banks and bank notes. Exchange differences affecting cash items are shown separately in the cash flow statement. Transactions not resulting in inflow or outflow of cash are not recognized in the cash flow statement.

3. NOTES TO THE CONDENSED BALANCE SHEET AS OF DECEMBER 31, 2015

Assets

The figures in parentheses following the descriptions refer to the corresponding items in the condensed balance sheet.

Gold (1)

Effective December 31, 2001, the gold holdings of the CBA are valued on a quarterly basis at the prevailing market price for gold. As of December 31, 2015, the market price for gold was USD 1,062.25 or Afl. 1,901.43 (December 31, 2014: USD 1,199.25 or Afl. 2,146.66) per fine troy ounce.

The following table provides information on the quantity and the value of the gold holdings of the CBA as of December 31, 2015.

	<u>Fine troy ounces</u>		<u>Value (Afl.)</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Gold holdings	111,294.165	111,294.165	211,617,786	238,910,454

	December 31, 2015	December 31, 2014
	Afl.	Afl.
Gold holdings as of beginning balance	238,910,454	239,358,691
Net change in the value of gold holdings	(27,292,668)	(448,237)
Gold holdings as of ending balance	211,617,786	238,910,454

Foreign currency assets (2)

Foreign currency assets are mostly held in U.S. dollars, while relatively small amounts are held in Netherlands Antillean guilders (ANG), Euros, and British pounds.

- *Due from banks (2.1)*

Comprises current accounts held at financial institutions in the Netherlands, the United Kingdom, the U.S.A, and also at the Centrale Bank van Curaçao en St. Maarten (CBCS). In order to minimize foreign exchange risks, total non-U.S. dollar holdings (excluding ANG) are limited to a maximum amount equivalent to Afl. 0.9 million, while in some exceptional cases a larger amount is held. Furthermore, the ANG holding is limited to ANG 3 million, while in some exceptional cases a larger amount is held. Interests received from the bonds held on the custodian account are credited to the CBA's current account at a financial institution in the U.S.A.

- *Government and other papers (2.2)*

Consist of investments through CBA's internal and external asset managers, based on investment guidelines, in:

1. Government and U.S. agencies securities;
2. Securities issued by qualifying supranational financial institutions;
3. Money market instruments, comprising mostly certificates of deposit, time deposits, and treasury bills; and
4. Corporate bonds issued by the financial services industry, specifically banks and other financial institutions, and industrial companies.

The investment guidelines of the asset managers, based on conservative parameters, stipulate amongst other, the investment objectives, benchmarks, average duration, and eligible investment instruments, which must be denominated in U.S. dollar, per investment portfolio. For investments in government and U.S. agency securities, a minimum investment grade of Aaa & AAA is required, while for money market instruments (excluding treasury bills) the minimum investment grade is A-1 & P-1.

In 2012, corporate bonds, issued only by banks and other financial institutions with a minimum rating of single A have been included in the investment guidelines as an eligible instrument. In 2014, the eligible corporate bonds were expanded with industrial companies with a minimum rating of single A, but up to a maximum of 10 percent. In 2015, in order to reduce the exposure to premium risk in the investment portfolio, while at the same time maintaining an adequate level of interest income, the CBA lowered the maximum purchase price for new invested funds in US Treasuries from 102 to 100, while also increasing the maximum asset allocation in the category of industrials within the corporate bonds category with a minimum rating of single A, from 10 to 15 percent. For securities with split ratings, the highest rating is applied. These guidelines also maximize the share of eligible investment instruments within each investment portfolio, as well as their minimum credit quality. As of December 31, 2015, the investments of the CBA consisted entirely of U.S. dollar denominated fixed income securities.

During the year 2015, the government and other papers held by the CBA increased by Afl. 41,003,199 (4.3 percent) to Afl. 994,684,182 as of December 31, 2015 (December 31, 2014: Afl. 953,680,983). This surge was mainly attributed to net cash transfers in the amount of Afl. 26,638,184. In addition, the CBA's government and other papers were positively impacted by the interest received (+Afl. 17,399,684), as well as the change in the market value of the CBA's investment portfolios (revaluation account) (+Afl. 7,043,656) (see note on Revaluation account). Furthermore, the aforementioned positive impacts on the CBA's government and other papers were partly offset by the net capital losses (-/Afl. 10,078,325) realized during 2015, largely due to the losses directly associated with the restructuring of the CBA's investment portfolios.

Other assets (3)*- Receivables (3.1)*

Receivables include mainly mortgage and personal loans granted to the CBA's personnel, prepaid expenses, receivables for passed on supervision costs, receivables for pension premiums paid, and other receivables.

The following table provides a specification of the CBA's receivables as of December 31, 2015.

	December 31, 2015	December 31, 2014
	Afl.	Afl.
Loans and advances to personnel	6,977,536	7,137,240
Prepaid expenses	275,233	1,111,596
Receivable passed on supervision costs	228,525	218,165
Receivable exchange rate margin compensation	1,000,000	-
Various	128,260	7,436,208
Total	8,609,554	15,903,209

During the year 2015, the receivables decreased by Afl. 7,293,655 (45.9 percent) to Afl. 8,609,554 as of December 31, 2015 (December 31, 2014: Afl. 15,903,209). This contraction was mainly caused by the items 'local checks not processed' (-/- Afl. 6,771,297), and 'local checks sent for collection' (-/- Afl. 429,279) included in 'various'. Compared to December 31, 2014, the prepaid expenses decreased by Afl. 836,363 (75.2 percent) to Afl. 275,233 as of December 31, 2015. The decrease in the prepaid expenses was mainly attributed to the transfer of the new bank note sorting machine from this account to its respective capital asset account included in the item 'other fixed assets' when the project was completed and the machine was put into use.

In addition, the aforementioned decreases in the CBA's receivables were partly offset by the surge of Afl. 1,000,000 (100 percent) in the item 'receivable exchange rate margin compensation' as of December 31, 2015, when compared to December 31, 2014. The latter receivable is related to the implementation of the State Ordinance Exchange Rate Margin Compensation (SOERMC) Centrale Bank van Aruba (AB 2014 no.57), which became effective as of April 1, 2015. The amount of Afl. 1,000,000 relates to the accrual recorded for the exchange rate margin compensation for the month of December 2015, which was settled with the commercial banks in the month of January 2016.

- *Fixed assets (3.3)*

Fixed assets include the CBA's building at J.E Irausquin Boulevard 8, renovations, parking space, landscaping, computer hardware & software, office equipment, security and vehicles.

In Afl. thousands	Building, renovations, parking space and landscaping Afl.	Computer hardware & software Afl.	Other assets Afl.	Total Afl.
<u>As of January 1, 2015</u>				
Cost	14,757	8,242	7,920	30,919
Accumulated depreciation	(7,059)	(7,145)	(7,100)	(21,304)
Book value as of January 1, 2015	7,698	1,097	820	9,615
<u>Changes during the year:</u>				
Additions	180	534	2,247	2,961
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Reclassifications to projects in progress	-	-	-	-
Depreciation expenses	(132)	(595)	(385)	(1,112)
Depreciation on disposals	-	-	-	-
Adjustment beginning balance - Cost	-	-	-	-
Adjustment beginning balance - Accum. Depr	-	-	-	-
Net changes during the year	48	(61)	1,862	1,849
<u>As of December 31, 2015</u>				
Cost	14,937	8,776	10,167	33,880
Accumulated depreciation	(7,191)	(7,740)	(7,485)	(22,416)
Book value as of December 31, 2015	7,746	1,036	2,682	11,464

- *Projects in progress (3.4)*

The following table provides the movement of the ongoing projects on the balance sheet of the CBA as of December 31, 2015.

	<u>Project in progress</u>
In Afl. thousands	<u>Afl.</u>
<u>As of January 1, 2015</u>	
Beginning balance	<u>578</u>
<u>Changes during the year:</u>	
Additions	1,134
Reclassification to capital asset accounts	(771)
Adjustment beginning balance (prior year)	<u>(80)</u>
Net changes during the year	<u>283</u>
<u>As of December 31, 2015</u>	
Ending balance	<u>861</u>

A separate classification and presentation of the ongoing projects on the balance sheet of the CBA is used to provide a clearer illustration of the ongoing projects within the different departments of the CBA. The projects in progress amounted to Afl. 860,928 as of December 31, 2015 (December 31, 2014: Afl. 578,473), which included several ongoing projects of the CBA.

Liabilities**Bank notes in circulation (1)**

Bank notes are issued pursuant to article 7, paragraph 1, of the CBO.

Afl. Denomination	Value Afl.	
	December 31, 2015 Afl.	December 31, 2014 Afl.
5.00	880,590	882,090
10.00	8,609,530	8,403,430
25.00	24,089,625	22,531,800
50.00	12,632,250	14,732,650
100.00	220,854,800	210,729,100
500.00	4,212,000	4,494,500
Total	271,278,795	261,773,570

Deposits of residents (2)

- *Government (2.1)*

This item consists of deposits of the government of Aruba held at the CBA.

- *Commercial banks (2.2)*

This item comprises:

	December 31, 2015 Afl.	December 31, 2014 Afl.
Current accounts	305,848,054	261,565,104
Reserve requirement	399,868,000	384,369,000
Time deposits	225,000,000	90,000,000
	930,716,054	735,934,104

Current accounts of the commercial banks are primarily held for transaction purposes. The reserve requirement comprises mandatory deposits held by the commercial banks in accordance with the monetary policy requirements of the CBA. The maturity of time deposits ranges from 7 days to 24 months.

- *Other (2.3)*

This item includes deposits of public nonfinancial corporations and other institutions, and the deposits of funds made available by the Aruban and Dutch governments in the framework of the joint development program agreed upon.

Deposits of nonresidents (3)

This item consists of Aruban florin deposits of nonresident banks held at the CBA.

Money in custody (4)

This item comprises funds received in custody from third parties in conformity with the State Ordinance on Consignment of Money (AB 1991 GT 66).

Payables and accrued expenses (5)

The following table provides a specification of the 'Payables and accrued expenses' of the CBA as of December 31, 2015.

	December 31, 2015	December 31, 2014
	Afl.	Afl.
Checks outstanding	1,945	61,327
Unclaimed principal/ coupons of Aruban government securities	38,602	111,066
Foreign exchange commission collected and due to the government of Aruba	2,333,532	1,653,767
Wage tax and pension contributions withheld	644,824	496,409
Accrual for several professional services	386,640	284,250
Transfer in transit	68,017	(1,053)
Accrual vacation allowance	300,000	300,000
Other payables	579,015	619,296
Total	4,352,575	3,525,062

During the year 2015, the payables and accrued expenses increased by Afl. 827,513 (23.5 percent) to Afl. 4,352,575 as of December 31, 2015 (December 31, 2014: Afl. 3,525,062). This surge was mainly related to surges in the item 'foreign exchange commission collected and due to the government of Aruba' (+ Afl. 679,765) and the item 'accrual for several professional services' (+ Afl. 102,390) as of end-December 2015. The foreign exchange commission collected and due to the government of Aruba, which stood at Afl. 2,333,532 as of December 31, 2015, was transferred to the account of the government of Aruba at the CBA in the month of January 2016.

The other main items included in payables and accrued expenses as of December 31, 2015 are, amongst other, accruals for payments related to wage tax and pension contributions withheld and for vacation allowance of, respectively, Afl. 644,824 and Afl. 300,000.

Revaluation account (6)

Pursuant to article 31, paragraph 2 of the CBO, revaluation changes in gold, securities, and foreign exchange holdings are included in the revaluation account.

The following table provides a specification of the 'Revaluation account' of the CBA as of December 31, 2015.

	December 31, 2015 Afl.	December 31, 2014 Afl.
Revaluation account as of beginning balance	115,760,367	85,296,428
Net changes in the market value of gold	(27,292,668)	(448,237)
Net changes in the market value of foreign exchange	(172,434)	(85,573)
Net changes in the market value of securities	7,043,656	30,997,749
Revaluation account as of ending balance	95,338,921	115,760,367

At end-2015, the market price of gold decreased by USD 137.00 (Afl. 245.23) per fine troy ounce or 11.4 percent compared to end-2014, thereby negatively impacting the value of the CBA's revaluation account (see note on Gold). In addition, the yield on the 10-year US Treasury Notes increased by 10 basis points to 2.27 percent as of December 31, 2015 (December 31, 2014: 2.17 percent), and the yield on the 3-year US Treasury Notes increased by 21 basis point to 1.31 percent as of December 31, 2015 (December 31, 2014: 1.10 percent), thereby resulting in net unrealized capital losses that negatively impacted the value of the CBA's revaluation account as of December 31, 2015. However, the aforementioned negative impact on the CBA's revaluation account was more than fully compensated for by the restructuring of the CBA's investment portfolios effectuated during the year 2015. Largely because of this restructuring operation, the CBA was able to lower its total unrealized capital losses on its investment portfolios by Afl. 7,043,656, when compared to December 31, 2014. The revaluation account was also negatively impacted by the fluctuations in the exchange rate of the euro during the year 2015. Overall, the above-mentioned developments resulted in a (net) decrease in the revaluation account amounting to Afl. 20,421,446 (17.6 percent) during the year 2015.

Capital and reserves (7)

- Capital (7.1)

Pursuant to article 3, paragraph 1 of the CBO, the capital amounted to Afl. 10,000,000 as of December 31, 2015.

- *General reserve (7.2)*
This item comprises:

	December 31, 2015 Afl.	December 31, 2014 Afl.
Beginning balance	76,312,882	76,312,882
Retained earnings	-	-
Balance at the end of the year	76,312,882	76,312,882

In April 2015, the undistributed earnings of the year 2014 amounting to Afl. 2,284,390 were paid out to the government of Aruba.

4. NOTES TO THE CONDENSED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2015

The figures in parentheses following the description refer to the corresponding items in the condensed profit and loss account.

Net interest revenues (1)

The net interest revenues consist mostly of interest income, revaluation gains and losses on investment portfolios, as well as management fees and charges for custodian services.

The following table provides a specification of the net interest revenues realized by the CBA during the year 2015.

	2015	2014
	Afl.	Afl.
Interest revenues (net of expenses)	6,134,593	13,328,561
Interest expenses	(83,830)	(86,656)
Net interest revenues	6,050,763	13,241,905

When compared to the previous year, in 2015 total (net) revenues realized by the CBA decreased by Afl. 7,191,142 (54.3 percent) to Afl. 6,050,763 (2014: Afl. 13,241,905). This decrease in the (net) revenues was mostly attributed to the realized losses resulting from the restructuring of the CBA investment portfolios in 2015. The latter restructuring was executed in order to better position the CBA's investment portfolios for the anticipated rise in the interest rates in the U.S. by reducing both the unrealized losses, and the risk of premium losses.

Interest rates on current accounts, if applicable, and on time deposits held with the CBA, are weekly determined using the U.S. money market rates as reference rate. During the year 2015, an interest rate of 0.05 percent was paid on a 7-day time deposit held by commercial banks at the CBA.

Other revenues (2)

The other revenues consist of foreign exchange revenues, coins revenues, exchange rate margin compensation, and other various revenues.

The following table provides a specification of the other revenues realized by the CBA during the year 2015.

	2015	2014
	Afl.	Afl.
Foreign exchange revenues	2,757,660	3,316,211
Coins revenues	1,298,349	991,091
Exchange rate margin compensation	9,311,422	-
Various revenues	3,327,407	2,468,574
Other revenues	16,694,838	6,775,876

- *Various revenues*

	2015	2014
	Afl.	Afl.
Passed on supervision costs	1,516,999	1,516,999
Administrative fines	1,425,260	695,043
Other income	385,148	256,532
Total	3,327,407	2,468,574

For the year 2015, the other revenues category 'various' increased by Afl. 858,833 (34.8 percent) to Afl. 3,327,407 (2014: Afl. 2,468,574). This increase was mainly attributed to higher incidental revenues stemming from administrative fines imposed by the CBA on certain supervised financial institutions. The administrative fines, in accordance with previous years, are recognized as revenue in the period in which they are collected.

Personnel expenses (4)

The following table provides a specification of the personnel expenses incurred by the CBA during the year 2015.

	2015	2014
	Afl.	Afl.
Salaries and social security expenses	12,582,127	12,429,157
Other personnel expenses	403,640	456,272
Total	12,985,767	12,885,429

As of December 31, 2015, the CBA employed 86 persons full-time (December 31, 2014: 83 persons). Since 2012, the CBA itself is administering a supplementary medical insurance plan for its personnel and their families. These are included in the item 'other personnel expenses'.

Operating expenses (5)

The following table provides a specification of the operating expenses incurred by the CBA during the year 2015.

	2015	2014
	Afl.	Afl.
Utilities	532,431	481,303
Cleaning and maintenance	359,562	307,255
License and maintenance computers	724,200	625,360
Fire insurance and property tax	191,617	192,338
Telephone	191,502	178,811
Office supplies	133,861	117,674
Courses, education and meetings	759,716	475,885
Donations	83,360	35,793
Legal fees	288,362	156,468
Other consultancy services	1,023,639	422,457
Literature, subscription, and membership contributions	113,475	111,905
Other expenses	624,956	589,311
Total	5,026,681	3,694,560

For the year 2015, the total operating expenses increased by Afl. 1,332,121 (36.1 percent) to Afl. 5,026,681 (2014: Afl. 3,694,560). This (net) increase was mainly caused by a surge of Afl. 601,182 in the item 'other consultancy services'. The other main items included in the operating expenses attributing to this increase during the year 2015, compared to 2014, were the items 'courses, education and meetings' (+ Afl. 283,831), 'legal fees' (+ Afl. 131,894) and 'license and maintenance computers' (+ Afl. 98,840).

Depreciation expenses (6)

	2015	2014
	Afl.	Afl.
Depreciation other fixed assets	980,462	913,933
Depreciation CBA premises	131,821	(71,175)
Total	1,112,283	842,758



Independent Auditor's Report on the condensed financial statements

To the Board of Supervisory Directors,
The President and the Executive Directors of
Centrale Bank van Aruba
J.E. Irausquin Blvd. 8
Oranjestad, Aruba

Reference: 133179/A-29271

Report on the condensed financial statements

The accompanying condensed financial statements, which comprise the condensed balance sheet as at December 31, 2015, the condensed profit and loss account, the condensed cash flow statement for the year then ended, and, the notes comprising a summary of the accounting policies and other explanatory information, are derived from the audited financial statements of the Centrale Bank van Aruba for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated January 29, 2016. Those financial statements and the condensed financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements. Reading the condensed financial statements is not a substitute for reading the audited financial statements of the Centrale Bank van Aruba.

Management's Responsibility for the condensed financial statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note 2 of the condensed financial statements.

Auditor's Responsibility

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

Opinion with respect to the condensed financial statements

In our opinion, the condensed financial statements derived from the audited financial statements of the Centrale Bank van Aruba for the year ended December 31, 2015 are consistent, in all material respects, with those financial statements, on the basis described in Note 2.

Aruba, May 13, 2016
PricewaterhouseCoopers Aruba

Original has been signed by Edsel N. Lopez