



## Board of Managing Directors' Report

2021 was another year defined by the pandemic. Our society and economies in Aruba, Bonaire, Curaçao, Saba and St. Maarten continued to be disrupted by successive waves of the virus. While the rollout of vaccines provided some hope and confidence, the virus didn't follow a predictable line. Most governments took ongoing measures, including physical distancing and isolation, lockdown periods and curfew to slow the spread of COVID-19. Countries continued to be challenged with varying strategies, striking a delicate balance between providing social protections and maintaining economic activity, while limiting the risks to financial stability.

The pandemic has accelerated and reshaped our world and our future in permanent ways, transforming the way we live, work, shop and connect with each other. RBC Royal Bank N.V. ("the Bank") saw a continued growth in the demand for our digital offerings. Our employees actively worked with clients as their habits evolved, to ensure an inclusive environment as we continued to manage our digital journey. In alignment with our RBC global strategy, the Bank maintained modified business hours for clients in the Dutch Caribbean branch locations, and added precautions to keep our clients and employees safe.

The biggest testament of our culture, strong employee engagement and their resilience is how we continued to seek out opportunities to make a positive impact in enabling our clients to meet their changing goals through significant disruption and uncertainty. Even in a hybrid work from home, or at the office environment, our employees responded to our clients and communities while supporting each other. Despite navigating a working environment largely defined by lockdowns, our empathy, care and commitment to those we serve was the most powerful reflection of our culture and Purpose – to help clients thrive and communities prosper.

Amidst this unique environment, the Bank realized an improvement in net income after tax. While revenue-generating flows remained constrained, the negative impact for potential losses on the loans and securities portfolios was less than anticipated. The Bank was able to keep its cost profile year-over-year thanks to sound cost management disciplines in a challenging business environment.

## Financial Performance

In 2021 the Bank reported net income after taxation of Nafl 31.9 million, representing a year-over-year increase of Nafl 55.6 million. In the prior year as the Bank tried to estimate the potential impact of the COVID-19 pandemic on future credit losses, a significant increase in its allowance for credit losses was recorded. However, the anticipated negative impact on credit quality of the portfolio to date was less severe than projected, allowing for the partial release of those provisions in fiscal 2021, and driving the improved performance year-on-year. This was partially offset by the decline in revenue of Nafl 9.4 million driven by lower loan interest income from yields and volumes, lower yields on securities, and an increase in deposit costs due to growth in client deposits. Non-interest expenses increased by Nafl 1.3 million year-on-year from card related costs and other expenses.

## Economic Outlook

**Aruba:** The Aruban economy continued on its recovery path in 2021, with real GDP growth estimated at 15.5%. According to the Central Bank of Aruba (CBA), the lifting of international travel restrictions supported the significant pickup in tourism travel, while the continued implementation of the Government of Aruba's (GOA) wage subsidy and FASE programs aided in maintaining private consumption. At the end of 2021, stopover arrivals reached approximately 70% of its 2019 level. For 2022, the CBA expects real GDP growth to range between 3.1% (pessimistic scenario) and 12% (optimistic scenario). Forecasted baseline growth of 7.7% is anticipated to be driven by a sustained recovery of the tourism sector, with stopover arrivals reaching 95% of its 2019 level, coupled with private investment gains. The labor market benefited from the upswing in the tourism sector complemented by the GOA assistance programs during 2021. The unemployment rate fell from 14% in 2020 to an estimated 9.5% in 2021. A further reduction to 7.7% is forecasted for 2022. Inflation rose during H2 2021, ending the year at 3.6% y/y. Inflation for 2022 is projected to be lower than 2021 due to an expected moderation on the rate of increase in international prices.

**Curaçao:** Curaçao experienced a moderate recovery in 2021, with estimated real GDP growth of 1.7%, according to the Central Bank of Curaçao and St. Maarten (CBCS). The recovery of stopover tourist arrivals to approximately 60% of its 2019 level and the easing of COVID containment measures positively impacted the domestic economy; driving expansions in the restaurants & hotels sector, the transportation sector and the wholesale and retail sector, respectively. Higher international food and fuel prices exerted an upward pressure on domestic prices during 2021, causing a rise in the headline inflation rate to an estimated 3.9% from 2.2% in 2020. Inflation for 2022 is projected to be lower than 2021 due to an expected moderation on the rate of increase in international prices. Economic growth is projected to accelerate in 2022 with real GDP increasing by 6.6%. Curaçao is expected to benefit from a robust recovery of tourism activities, albeit still below pre-pandemic levels, and increased private investments. Construction projects in the tourism, real estate, and utilities sectors are the main contributors to the increase in investments. The government's payroll subsidy moderated job losses in 2021, resulting in an unemployment rate of 20.2%. For 2022, a strengthening of labor market conditions is expected to support a rate reduction to 18.3%, according to the CBCS.

**St. Maarten:** In St. Maarten, private and net foreign demand supported a real GDP growth rate of 4% in 2021, according to the Central Bank of Curaçao and St. Maarten (CBCS). Private demand rose as a result of higher investments in, among other things, real estate projects, construction of the new hospital, and the start of the airport reconstruction. Meanwhile, the rise in net foreign demand reflected the strong rebound in tourism activities. Stopover tourist arrivals in 2021 reached approximately 80% of its 2019 level. A predicted acceleration of the recovery of both stayover and cruise tourism by the CBCS will push the 2022 growth rate to 14.6%. While the economic expansion in 2021 was not enough to reverse the job losses caused by the pandemic, the unemployment rate is projected to fall from an estimated 15.8% in 2021 to 10.6%, largely due to the anticipated strong tourism recovery. Supply chain disruptions and a rise in international food and oil prices contributed to an estimated 4% headline inflation rate in 2021, up from 0.7% in 2020. Inflation for 2022 is projected to be lower than 2021 due to an expected moderation on the rate of increase in international prices.

**Bonaire and Saba:** According to Statistics Netherlands (CBS), the consumer price index for Bonaire and Saba rose in Q4 2021 relative to Q4 2020 by 5.7% and 3.7%, respectively, mainly attributable to higher international fuel prices. Latest tourism data showed approximately 38,000 visitors travelled to Bonaire by air in Q3 2021, up 9% relative to Q3 2019. The share of visitors from the European Netherlands to Bonaire rose sharply, from 35% in 2019 to 55% in 2021 due to the resumption of air travel from Amsterdam. Approximately 1,100 visitors arrived by air to Saba in Q3 2021, down 48% relative to Q3 2019, according to the CBS. In 2021, Bonaire and Saba recorded merchandise trade deficit increases as goods imports rose compared with 2020.

## RBC and our community

In the communities where we live and work, RBC continued to step in as an active corporate citizen with donations and investments to local community organizations and causes. As a purpose-driven organisation, creating a positive social impact, not just an economic one, it is integral to everything we do. During the year, we were particularly proud of our initiatives that broaden economic opportunity amongst youth and underrepresented groups and foster community spirit. For the second year, a virtual format of RBC's global signature fundraiser, RBC Race for the Kids was held in Aruba and Curaçao, benefiting local youth and children's causes. We also continued our long-standing relationship with the Little League Foundations across the Dutch Caribbean markets as main sponsorship partner.

On behalf of the Board of Directors and management of RBC Royal Bank N.V., we would like to thank our clients for their continued confidence and their loyalty. We would also like to thank our employees, who continue to be the driving force behind all of our achievements. We will continue to align our Purpose with performance to grow RBC in a more inclusive, sustainable world, and create value for all of our stakeholders – clients, employees, and communities.

Pierrot Hurtado  
RBC Royal Bank N.V.  
Managing Director

Jarl Jie-A-Looi  
RBC Royal Bank N.V.  
Managing Director



## Independent auditor's report on the consolidated financial highlights

To the Board of Directors of RBC Royal Bank N.V.

## Our opinion

In our opinion, the accompanying consolidated financial highlights of RBC Royal Bank N.V. (the Company) and its subsidiaries (together 'the Group') are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set out by the Central Bank of Curaçao and Sint Maarten.

## The consolidated financial highlights

The Group's consolidated financial highlights derived from the audited consolidated financial statements for the year ended October 31, 2021 comprise:

- the consolidated statement of financial position as at October 31, 2021;
- the consolidated statement of income and other comprehensive income for the year then ended; and
- the related notes to the consolidated financial highlights.

The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated financial highlights and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The audited consolidated financial statements, and the consolidated financial highlights, do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

## The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated January 31, 2022. That report also includes an "Other Matter" section that states that the opinion has been prepared for and only for the Company in accordance with the terms of our engagement letter and that we do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Management's responsibility for the consolidated financial highlights

Management is responsible for the preparation of the consolidated financial highlights in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set out by the Central Bank of Curaçao and Sint Maarten.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers, Cayman Islands  
February 23, 2022

Engagement Leader: Marlon Bispath

## Consolidated Statement of Financial Position of RBC Royal Bank N.V. and its Subsidiaries

(Expressed in thousands of Antillean Guilders)

	As at 31 October	
	2021	2020
	ANG	ANG
<b>Assets</b>		
Cash and due from banks	1,305,428	1,272,983
Securities	286,049	88,810
Loans and advances to customers	1,467,561	1,497,821
Customers' liability under acceptances	23,880	24,476
Bank premises and equipment	32,544	35,182
Goodwill and other intangible assets	13,530	21,385
Deferred tax assets	25,866	34,632
Other assets	21,510	24,633
<b>Total assets</b>	<b>3,176,368</b>	<b>2,999,922</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Customers' deposits	2,683,593	2,550,135
Due to other banks	51,601	36,409
Acceptances outstanding	23,880	24,476
Profit tax payable	11,771	11,716
Deferred tax liabilities	3,438	4,336
Provisions	666	770
Other liabilities	37,940	41,141
<b>Total liabilities</b>	<b>2,812,889</b>	<b>2,668,983</b>
<b>Shareholders' equity</b>		
Issued capital	114,455	114,455
Share premium	87,053	87,053
General reserve	27,041	28,224
Other reserve	2,869	2,181
Retained earnings	132,061	99,026
<b>Total shareholders' equity</b>	<b>363,479</b>	<b>330,939</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,176,368</b>	<b>2,999,922</b>



