



FCCA

Annual Report

2024

📍 Sabana Blanco 66, Aruba

☎ +297 522 3222

📘 @fundacionCasPaComunidadArubano

🌐 www.fcca.com



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FCCA

**Report of the Board
of Supervisory
Directors**

Report of the Board of Supervisory Directors

Despite various challenges, it is gratifying to note that the financial year 2024 once more was concluded with a positive result of Afl. 6,467,442. This reflects an increase of 13% compared to 2023, with the extended mortgages in 2024 as main income-driver.

Less uplifting is the construction of social housing. Due to insufficient and adequate financing, the development of social housing is lagging behind community demand and targets set by FCCA.

At the moment the waiting list for FCCA housing contains more than 3800 eligible applications. Expectations are that the demand for social housing will grow in the coming years as a result of new hotels becoming operational and the accompanying influx of migrant workers.

Until now FCCA has been highly dependent on private market parties for funding. The construction of affordable housing requires financing at an adequate interest rate, that is at an interest rate that is lower than the average market-determined interest rate. Private investors seem more likely to invest in projects with a higher return on investment such as government bonds and commercial real estate.

Over the past several years FCCA has made the necessary efforts to explore alternative sources of adequate funding, both at the local government and abroad, especially in the Netherlands.

During 2024 the former government committed to grant FCCA extra financing for 2025 of 17 million florins at favorable interest conditions, which would enable FCCA to build around 74 units in 2025. This commitment was pending parliamentary approval of the national budget 2025.

However, this extra financing was suspended by the new government who took office in April 2025. In the short term we hope to further explain and discuss the need for adequate financing with the new Minister of Housing.

In the meantime, the Board of Directors is also exploring new (commercial) activities with sufficient affinity with FCCA's main objective. Just like the provision of mortgages, the revenues of these activities are meant to support our main goal of offering affordable housing and neighborhood facilities, especially for lower income families.

For some of these activities our articles of association (Statutes) must be updated. Updating is also deemed necessary among other things, to comply with recent good governance principles. The proposed changes have been the subject of in-depth discussions within the Board of Supervisory Directors during 2024. It is expected that during the first half of 2025 the final draft with the proposed changes can be submitted to the Central Bank of Aruba for evaluation and approval.

An important development that also negatively impact the financial capacity of FCCA, is the announcement in 2023 from the Tax Inspector, that FCCA will have to start paying profit tax for so-called "commercial activities". Although the revenues from these commercial activities are used to finance social housing and creating neighborhoods with a positive and healthy environment, the Tax Inspectorate thus far has stood firm in its position.

Consultations with the Tax Inspectorate about a settlement agreement specifying which activities would be subject to the profit tax and a transition period are still ongoing.

Composition of the Board of Supervisory Directors

As per December 31, 2024, the Supervisory Board consisted of the following members:

- Mr. Anko R.O. Ringeling, chairperson effective August 8, 2022 (member A).
- Mrs. Marielsa R. Croes, effective May 23, 2019 (member B).
- Mr. Leo Ponson, vice-chairperson, effective August 15, 2019 (member B).
- Mr. Edgar Croes, effective July 20, 2022 (member C).
- Mr. Nilo Swaen, effective October 29, 2022 (member C).

As of September 2023, Mrs. Valerie Nicolaas-Maduro was appointed secretary of the BOSD.

The BOSD met 14 times in 2024.

The BOSD has four Standing Committees consisting of the following members:

- The Audit Committee: Mrs. Marielsa R. Croes (chairperson); Mr. Edgar Croes, Mr. Nilo Swaen
- The Construction and Innovation Committee: Mr. Leo Ponson (chairperson)
- The Funding and Governance Committee: Mr. Edgar Croes (chairperson), Mr. Nilo Swaen, Mrs. Marielsa R. Croes
- The Selection and Remuneration Committee: Mr. Anko R.O. Ringeling (chairperson), Mr. Leo Ponson

Finally, the BOSD wishes to express his appreciation for the commitment shown in 2024 by the Management Board and the staff of FCCA.

Oranjestad, May 14, 2025

Board Of Supervisory Directors Of FCCA:

(Sgd.) Mr. Anko R.O. Ringeling, Member

(Sgd.) Mrs. Marielsa R. Croes, M. Sc., Member

(Sgd.) Mr. Leo A. Ponson, Member

(Sgd.) Mr. Edgar Croes, Member

(Sgd.) Mr. Nilo Swaen, Member



FCCA

**Report of the
Board of Managing
Directors**

Report Of The Board Of Managing Directors

Celebrating 45 Years Of Building Homes And Hope: FCCA In 2024

"FCCA ta traha duro pa un futuro unda cada miembro di nos comunidad por biba cu dignidad y siguridad."

In 2024, FCCA proudly marks its 45th anniversary—a meaningful milestone that reflects more than four decades of unwavering dedication to the Aruban community. Since 1979, we have supported over 20,000 families in accessing safe, affordable housing through rental opportunities, mortgage solutions, and community development projects. Our legacy is not only measured in homes built, but in lives uplifted and communities strengthened.

As we celebrate this legacy, we remain focused on the future—committed to innovation, inclusion, and sustainable growth. In the face of growing challenges, FCCA continues to build with purpose and vision, determined to create a stronger, more equitable Aruba for generations to come.

Revitalization & Repurposing: 2024 Highlights

In 2024, FCCA advanced its commitment to sustainable development by revitalizing underutilized properties and repurposing them to meet evolving community needs. These projects not only address critical housing shortages but also contribute to the revitalization of key urban areas, promote social inclusion, and optimize existing infrastructure.

- **Residencia Blenchi – Housing For Seniors** - To address the growing need for senior housing, FCCA transformed a former student housing/low budget hotel complex into 48 one-bedroom apartments. With 49% of applicants aged 55+ and 79% requesting one-bedroom units, the project directly responds to community demand. The renovated complex offers an affordable, peaceful living environment, featuring garden areas and shared communal spaces.
- **Om Building Acquisition – Oranjestad - Revitalization** - On August 27, 2024, FCCA acquired the former "Ministerio Publico (OM)" building, contributing to the government's vision to revive the city center. The project will convert the property into 19 student apartments and 3 commercial spaces, enhancing urban vibrancy while preserving historical value.

FCCA's Value To The Community: Benefits And Strengths

FCCA's work goes beyond housing—it strengthens the social and economic fabric of Aruba. The following highlights capture the core benefits and institutional strengths that support our long-term mission:

- **Social Impact** – Expanding access to affordable housing continues to improve the quality of life across Aruba.
- **Government Support** – Approximately 45% of tenants' rent is subsidized by the Government of Aruba, reinforcing broad institutional backing.
- **Financial Resilience** – A strong solvency ratio, diversified income streams, and a stable financial position allow for ongoing investment in housing and infrastructure.
- **Reliable Collateral** – FCCA's solid asset base supports our funding capacity and long-term development plans, including:
 - 1,802 social rental homes valued at AWG 207 million
 - A residential mortgage portfolio worth AWG 207 million, with a 9% market share
 - Ownership of strategic land parcels for future residential expansion
 - An expanding portfolio of commercial and repurposed properties — including the OM Building in Oranjestad (future student housing and commercial space) and Residencia Blenchi in Noord (senior apartments)—adds significant collateral value and underscores FCCA's commitment to long-term community development.
- **Corporate Governance and compliance** – FCCA continue to meet all regulatory and lending obligations, ensuring accountability and transparency. FCCA is led by a two-member board of directors under the supervision of an independent board, ensuring that our operations align with our charter, regulatory standards, and long-term strategy. Through strong governance and risk management, FCCA continues to uphold transparency, accountability, and public trust.
- **Operational Efficiency** – Ongoing organizational improvements support agility, resilience, and responsible growth.

Facing Today's Challenges With Purpose And Vision

The global instability experienced in 2024 has also had a noticeable impact on our local economy, influencing both day-to-day operations and long-term financial planning. These external conditions will continue to shape the opportunities and challenges we face in the years ahead, particularly in terms of investment capacity, cost developments, and strategic decision-making.

- **Extensive Waiting Lists** – Over 3,800 households are currently awaiting social housing—representing nearly 4% of Aruba's population.
- **The expansion of Aruba's tourism sector**—an estimated 4,000 additional hotel rooms—could generate housing needs for approximately 5,900 new workers, which will impose an additional demand on our waiting list.
- **Inflation Cost** – The rising price of construction materials and essential goods, driven by global market fluctuations and geopolitical instability, continues to impact project affordability and other operational cost.

- **Investment Need** – In response to the ongoing housing shortage, FCCA has set the ambition to gradually scale up construction to a minimum of 200 homes per year. Achieving this target depends on the availability of reliable and sustained funding, which is essential for long-term planning and delivery. However, local investor interest in long-term affordable housing projects currently remains limited, as many investors are focused on hotel development projects that offer higher short term returns. This presents a challenge in securing sustainable financing for social housing initiatives, which typically require longer investments horizons and generate more modest financial returns. Engaging with local financial institutions and investors will therefore be a key component of our funding strategy. This approach not only diversifies our capital base but also strengthens local partnerships and reinforces the shared responsibility in addressing Aruba's housing needs. Additionally, a notable financial milestone was achieved in 2024 with the successful refinancing of FCCA's existing consortium loan. While this has eased the pressure of previous loan obligations and improved liquidity, it only partially alleviates the broader funding constraints FCCA continues to face.

Despite these challenges, we remained firmly within budget and on course with our strategic objectives. This was achieved through a combination of careful financial oversight, proactive risk management, and close collaboration with our partners and contractors. Thanks to these measures, we not only delivered on our planned investments – including the completion of 48 new units and significant renovations – but also preserved a healthy financial position that allows us to move forward confidently in 2025.

Our Five Pillars For Sustainable Growth And Well-Being

To meet growing demand and create long-term positive impact, FCCA is actively working to develop and deliver housing solutions guided by five core pillars:

1. **Affordable Housing** – We aim to offer a diverse range of homes at accessible price points that reflect the needs of Aruba's varied income groups.
2. **Community Engagement** – We prioritize the creation of shared spaces that foster connection, inclusion, and a strong sense of community.
3. **Enhanced Living Conditions** – We focus on incorporating green spaces and recreational areas into our developments to promote mental and physical well-being. This includes both new projects and the revitalization of existing neighborhoods to ensure all residents benefit from healthier, more livable environments.
4. **Sustainable Building Practices** – We are committed to using eco-friendly materials and energy-efficient designs that reduce both environmental impact and cost of living.
5. **Safety & Security** – We focus on integrating thoughtful safety measures into our communities, including proper lighting, surveillance systems, and collaboration with community policing. These efforts aim to create secure, welcoming environments across both new developments and existing neighborhoods.

These pillars reflect FCCA's core principles in community and housing development. They guide how we design, build, and manage our neighborhoods to ensure long-term impact, quality of life, and inclusive growth.

Looking Forward: Staying The Course With Strategy 2022–2026

While our Five Pillars guide how we build communities, the 2022–2026 Strategic Plan outlines FCCA's broader organizational roadmap—focusing on internal strength, operational excellence, and long-term growth.

- **Financial Health** – Our strong financial health showed improvements in 2024, guided by a profitability increase of 13%, efficiency ratio improvement of 4%, solvency ratio of 75% and a prudential liquidity ratio of 7.32%. With these key contributors we will further strengthen our asset base, increase investment capacity, and support the construction of new social homes while expanding our mortgage portfolio.
- **Strategy & Governance** - Our strategic direction is guided by a long-term vision that balances social impact with financial sustainability. As a housing corporation, we aim to provide affordable, high-quality living environments while responding to evolving societal needs, such as aging populations and community cohesion. Good corporate governance is essential in ensuring that our strategic goals are met responsibly and transparently. We adhere to clear governance frameworks and compliance standards, with strong oversight by our supervisory board and active stakeholder engagement. Risk management, ethical decision-making, and accountability are embedded in our organizational culture. Through this integrated approach, we maintain the trust of our residents, partners, and regulators — and ensure that our operations remain aligned with our mission and public responsibility.
- **Customer Satisfaction & Market Positioning** - Our strategic focus is to place our customers at heart of our organization. We believe that delivering accessible, responsive, and high-quality service is essential to building long-term trust and satisfaction among our tenants. To support this goal, we are currently developing a modern customer service platform that will streamline communication, improve transparency, and make it easier for residents to access information and support. Whether it involves maintenance requests, rent-related questions, or general inquiries, our aim is to provide timely and consistent service across all channels. In doing so, we are not only investing in technology, but also in processes and people — ensuring that our teams are equipped to meet the evolving needs of our customers. Service quality, speed of response, and a personal approach will remain key pillars of our customer strategy going forward.
- **Innovative Housing Solutions** - We remain committed to exploring innovative solutions for sustainable housing. As part of this effort, we are actively researching new construction methods that can help reduce overall building costs, while also minimizing the long-term expenses for our residents. By prioritizing sustainable building practices from the outset, we aim to keep homes both affordable and environmentally responsible.

Our future development plans reflect a holistic approach to housing — one that goes beyond the individual unit and considers the broader living environment. We design with community in mind, integrating spaces for recreation, social interaction, and neighborhood cohesion. In short, we're not just building homes; we're building complete communities.

For our existing neighborhoods, the goal is to align them with our new strategic direction. We are working to upgrade and revitalize these areas to meet the same standards and vision applied to our new developments. This includes not only physical improvements, but also the implementation of integrated, long-term solutions that enhance the overall quality of life. Our aim is to ensure that every neighborhood reflects our commitment to livability, sustainability, and community well-being.

- **Process Efficiency & Digital Transformation** - As part of our ongoing efforts to improve operational efficiency, we are actively streamlining our internal processes — always with the customer at the center. By re-evaluating workflows and eliminating unnecessary complexity, we aim to create a more agile and responsive organization.
- In parallel, we are investing in the digital transformation of the customer journey. Our goal is to make services more accessible, transparent, and user-friendly through digital platforms. This transformation supports our commitment to operational excellence, enabling faster response times, improved service delivery, and a more seamless experience for our residents.
- **Employee Growth & Culture** - Last but not least, our employees are central to our success. We invest in their growth through ongoing training and development, and we foster a workplace culture that encourages collaboration, accountability, and a shared sense of purpose. By empowering our team, we strengthen our ability to deliver on our mission and serve our communities with dedication and care.

Our Commitment To Aruba

As we reflect on 2024 and look toward the future, we reaffirm our commitment to the people of Aruba. FCCA stands ready to meet growing demand with resilience, vision, and integrity. We extend our sincere thanks to our staff, board members, government partners, stakeholders, and the community for their trust and support. Together, we continue building homes—and hope—for generations to come.

Oranjestad, May 14, 2025

F.C.C.A. Board Of Managing Directors:

(Sgd.) Mr. R. Giovanni Anthony,
Director Financial & General Affairs

(Sgd.) Mrs. E.J.R. Wever,
Director Technical & Commercial Affairs

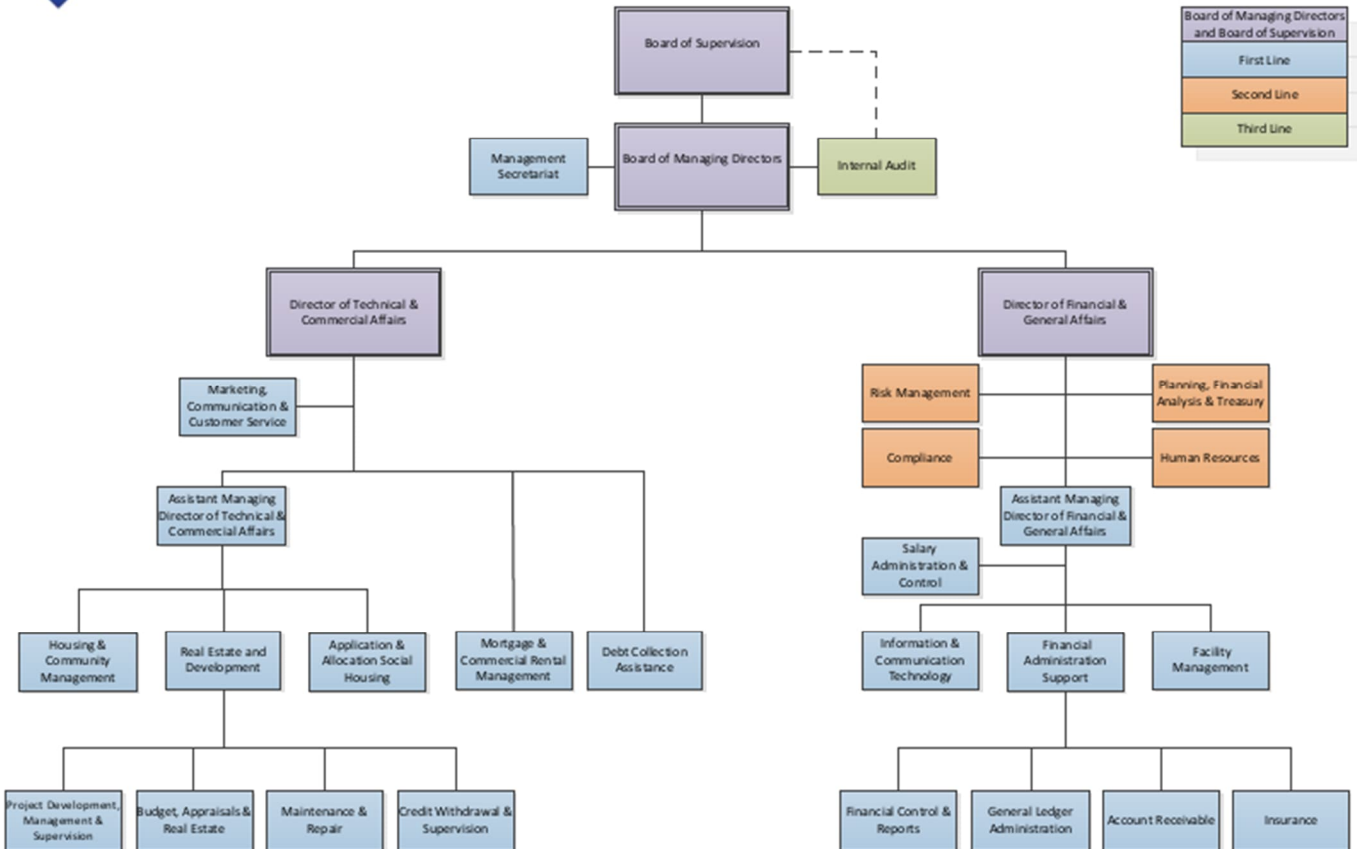
Governance And Organization

A board consisting of two directors under the supervision of a supervisory board manages FCCA. The board is responsible for the Management of FCCA, which means, among other things, that the board is responsible for the realization of FCCA's objectives, strategy, financing, and policy. The board is accountable for this to the supervisory board. The board is also responsible for compliance with all relevant laws and regulations and managing the risks associated with FCCA's activities.

Below Is A Presentation Of The Organizational Structure:



Organization Chart December 31, 2024





FCCA

**Financial
Statements**

Statement Of Financial Position As Per December 31, 2024

	Note#	Dec. 31, 2024	Dec. 31, 2023
<i>(in Aruban florin)</i>			
Current assets			
Cash and cash equivalents	4.1.3	21,969,768	14,303,102
Trade and other receivables	4.1.1	3,467,027	3,867,252
Financial assets - loans	4.1.1	26,726,855	28,565,119
Investments measured at amortized cost	4.1.2	3,842,074	1,311,567
Inventory		1,189,462	1,136,227
		57,195,186	49,183,267
Non-current assets			
Financial assets - loans	4.1.1	174,345,366	172,209,997
Investments measured at amortized cost	4.1.2	1,440,512	5,101,417
Investment Properties	4.2.1	138,587,599	140,384,407
Tangible fixed assets	4.2.2	3,493,464	3,978,411
		317,866,941	321,674,232
Total assets		375,062,127	370,857,499
Current liabilities			
Trade and other payables	4.1.4	15,844,885	15,838,729
Lease liabilities	4.1.4	113,089	98,148
Borrowings	4.1.5	2,288,946	2,349,562
		18,246,920	18,286,439
Non-current liabilities			
Lease liabilities	4.1.4	6,418,392	6,344,257
Borrowings	4.1.5	67,414,140	69,703,085
Employee benefit obligations	4.2.3	888,812	897,297
		74,721,344	76,944,639
Total liabilities		92,968,264	95,231,078
Capital			
Capital		100	100
Regulatory loan loss reserve		10,560,955	10,573,854
Retained earnings	4.3	271,532,808	265,052,467
Total capital		282,093,863	275,626,421
Total liabilities and capital		375,062,127	370,857,499

The accompanying notes form an integral part of these financial statements.

Statement Of Profit And Loss And Other Comprehensive Income For The Year 2024

	Note#	2024	2023
(In Aruban florin)			
Revenues			
Revenues from financial activities	5.1	17,181,450	17,704,971
Revenues from real estate activities	5.2	16,689,428	16,088,817
		33,870,878	33,793,788
Other income	5.3	1,215,993	1,158,123
Credit impairment (loss)/recovery		576,951	915,297
Expenses			
Personnel expenses	5.4	12,593,223	13,203,596
General expenses	5.5	3,510,530	3,807,371
Property expenses	5.6	3,015,418	3,113,671
Depreciation expenses	5.7	5,789,349	5,758,337
Interest costs	5.8	4,287,860	4,242,225
		29,196,380	30,125,200
Net result for the year		6,467,442	5,742,008

The comparative figures have been restated due to the reclassification of other income (reclassified from revenues to general expenses).

There are no items of other comprehensive income during 2024 and 2023.

The accompanying notes form an integral part of these financial statements.

Statement Of Cash Flows For The Year Ended December 2024

	Note#	2024	2023
(In Aruban florin)			
Cash flow from operating activities			
Net result for the year		6,467,442	5,742,008
Adjustments:			
Depreciation expenses	5.7	5,789,349	5,758,337
Amortization ROU		(184,829)	(168,477)
Credit impairment loss		(576,951)	(915,297)
Write-offs of doubtful debtors (net)	4.1.1	35,073	(9,819,443)
Employee benefit obligations		8,485	(28,452)
Refinanced loans	4.1.1	(99,094)	(11,781)
Increase in borrowings	4.1.5	45,849	45,849
Interest income	5.1	(437,013)	(523,861)
Interest expense	5.8	<u>3,815,261</u>	<u>3,760,760</u>
		8,396,130	(1,902,365)
Movement in working capital:			
Movement in lease liability		89,076	532,416
Movement in receivables	4.1.1	413,227	13,200,819
Movement in Trade and other payables	4.1.4	465,680	395,777
Movement in Inventory		<u>(53,235)</u>	<u>104,376</u>
		914,748	14,233,388
Interest paid	5.8.1	<u>(3,736,761)</u>	<u>(3,892,704)</u>
		(3,736,761)	(3,892,704)
Interest received	5.1.1	<u>437,013</u>	<u>523,861</u>
		437,013	523,861
Mortgage and other loans			
Increase in loans	4.1.1	(25,261,973)	(32,624,387)
Repayments received	4.1.1	41,590,309	40,538,626
Interest received	5.1.1	<u>(16,468,486)</u>	<u>(16,815,552)</u>
		(140,150)	(8,901,313)
Cash flow from operating activities		12,338,422	5,802,875
Cash flow from investing activities			
Held-to-maturity investment			
Increase in investments	4.1.2	<u>1,125,000</u>	<u>4,200,000</u>
		1,225,000	4,200,000
Investment property			
Additions	4.2.1	(3,585,268)	(2,882,730)
Disposals and sale of assets	4.2.1	<u>493,817</u>	<u>158,836</u>
		(3,091,451)	(2,723,894)
Tangible fixed assets for own use			
Additions	4.2.2.1	(345,264)	(512,188)
Disposals and sale of assets	4.2.2.1	<u>35,369</u>	<u>45,093</u>
		(309,895)	(467,095)
Cash flow from investing activities		(2,276,346)	1,009,011
Cash flow from financing activities			
Repayment of borrowings	4.1.5	(2,395,410)	(8,116,667)
Cash flow from financing activities		(2,395,410)	(8,116,667)
Net increase in cash and cash equivalents		7,666,666	(1,304,781)
Cash and cash equivalents per January 1		14,303,102	15,607,883
Cash and cash equivalents as per December 31		21,969,768	14,303,102

The accompanying notes form an integral part of these financial statements. Refer to note 4.1.3 for further details.

Statement Of Changes In Capital For The Year Ended December 31, 2024

(In Aruban florin)	Capital	Regulatory loan loss reserve	Retained earnings	TOTAL
Balance per December 31, 2022	100	10,457,761	259,426,552	269,884,413
Regulatory loan loss reserve	-	116,093	(116,093)	-
Net result for the year	-	-	5,742,008	5,742,008
Balance per December 31, 2023	100	10,573,854	265,052,467	275,626,421
Regulatory loan loss reserve	-	(12,899)	12,899	-
Net result for the year	-	-	6,467,442	6,467,442
Balance as per December 31, 2024	100	10,560,955	271,532,808	282,093,863

The accompanying notes form an integral part of these financial statements.

FCCA is a private foundation; there are no shares issued or dividend payout. The result and earnings of the Foundation's products and services are to the interest and improvement of the housing and neighborhood facilities in Aruba. Its equity is affected by this result.

As a financial institution under the prudential supervision of the Central Bank of Aruba (CBA), part of the equity is specially reserved for special purposes.



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**Notes of Financial
Statements 2024**

1. General And Material Accounting Policies

1.1. General Information

Stichting Fundacion Cas pa Comunidad Arubano ('FCCA' or 'the Foundation') is a foundation that was founded and established in Aruba on February 13, 1979. The registered office is located at Sabana Blanco 66, Oranjestad, Aruba.

The primary purposes of the Foundation are related to the improvement of social housing and community facilities:

- building and acquiring houses;
- acquiring or leasing land;
- improving and renovating houses;
- promoting the construction of private properties;
- selling properties;
- providing construction credits and mortgages;
- managing and operating housing in general, in particular, the division of housing, the rent, the collection of rental income and the provision of maintenance and renewal of houses;
- assisting in the provision of insurance contracts, the collection of insurance premiums, the settlement of damage claims and the provision of advice with insurance problems;
- managing and operating real estate;
- providing services to third parties with respect to housing; and
- promoting and improving the housing neighborhood facilities and social cohesion for the community of.

The Board of Managing Directors has prepared these financial statements. The Board of Supervisory Directors authorized the financial statements for the year ending December 31, 2024, on May 14, 2025.

Despite the global inflation and crisis, the Foundation showed resilience and looks forward to growing its rental and mortgage portfolio following the revamped strategy to meet affordable and sustainable housing demand.

The Foundation continues to service the Intercreditor Agreement dated August 28, 2017 and is in compliance with all the covenants.

In August 2022, FCCA initiated the negotiation of the Intercreditor Agreement. In March 2024, the existing loan was refinanced. The term of the loan is extended to 15 years based on a 25-year amortization and a bullet payment at the end of 15th year. The interest rate increased to 5.5%.

The liquidity forecast assessment basis is the realized figures of 2024, and the 2025 budget derived from the strategy includes the existing debt service of the Intercreditor Agreement and reveals a positive operational cash flow to finance investment meanwhile maintaining the required liquidity position.

The preparation of the financial statements is under the assumption that the Foundation operates on a going concern basis.

LNT Accountability

Due to the lack of further rules under the National Ordinance on the standard of top incomes ("Landsverordening Normering Topinkomens"/LNT), no LNT accountability can be drawn up by the Foundation following and according to the LNT provisions. This has been confirmed by the Minister of Finance & Culture through the letter dated February 28, 2023, with the topic "Overgangperiode LNT" with reference MinFic-23/2506. The other LNT provisions in force since August 1, 2022, apply fully during the transitional period where there are no further rules concerning LNT accountability. As of date of this report, there are no updates on the matter. Despite of this and in accordance with article 23 of the LNT, the foundation applied the first discount of 25 % to the maximum salary for the management board and supervisory board as per August 1, 2024 out of prudence.

1.2. Summary Of Material Accounting Policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. These policies apply consistently to all the years presented unless otherwise stated.

1.2.1. Basis Of Preparation

i. Compliance With IFRS

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in applying the Foundation's accounting policies.

ii. Historical Cost Convention

The preparation of the financial statements is under the historical cost convention.

iii. Standards, Amendments, Improvements, And Interpretations Effective First Time In The Current Year And Relevant To The Foundation's Operations

Some accounting pronouncements which have become effective from January 1, 2024 and the adoption thereof do not have a significant impact on the Foundation's financial results or position:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

iv. Standards, Amendments, And Interpretations To Existing Standards That Are Not Yet Effective And Have Not Been Early Adopted By The Foundation.

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards or amendments to existing standards have been adopted early by the Foundation.

Other Standards and amendments that are not yet effective and have not been adopted early by the Foundation include:

- Amendments to IAS 21 – Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments
- Annual improvements to IFRS Accounting Standards – Volume 11
- Amendments to IFRS 9 and IFRS 7 – Contracts referencing nature-dependent electricity
- Amendments to IAS 21 – Lack of exchangeability
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without public accountability: Disclosures

This standard and these amendments are not expected to significantly impact the financial statements at the moment of initial application. Therefore, the disclosures do not deem necessary.

1.2.2. Foreign Currency Translation

i. Functional And Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The presentation of the financial statements is in Aruban Florin (Afl.), the Foundation's functional and presentation currency.

ii. Transactions And Balances

Foreign currency transactions are translated into functional currency using the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation of monetary assets and liabilities are denominated in foreign currencies at year-end exchange rates and are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within general expenses.

1.2.3. Cash And Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at calls with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the statement of financial position.

1.2.4. Inventory

Inventory consists of items used for repair/maintenance of the Foundation's tangible fixed assets and plots available for sale, and plots held for sale to third parties. Items used for repair/maintenance are not held for sale to third parties.

Inventory items used for repair/maintenance are stated at lower cost and net realizable value. Inventory costs comprise items such as purchase price, insurance, freight, and other direct costs, if any. Determination of Costs of purchase is after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Assignment basis of costs to individual items of Inventory is weighted average costs.

Inventory plots available for sale are stated at cost.

1.2.5. Financial Instruments

Financial Assets

i. Classification

The Foundation classifies its financial assets in the following categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) or amortized cost (AC). The classification depends on the following:

the Foundation's assessment of the overall objective of the business model within which the asset is held; and
the contractual cash flow characteristics of the assets.

Business Model Assessment

The business model reflects how the Foundation manages its assets to generate cash flows, whether the objective is to collect contractual cash flows, sell financial assets or both. The Foundation assesses its business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. Factors considered by the Foundation in determining the business model for a group of assets include:

- how performance is evaluated and reported to key management personnel;
- performance risk and management of those risks;
- how managers are compensated; and
- the frequency and volume of sales in the prior period and expectations about future sales activity.

Contractual Cash Flow Characteristics Assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Foundation determines if they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, consistent with a basic lending arrangement. In this context, fundamental is the fair value of the financial asset on initial recognition, and interest is the consideration for the time value of money and credit risk associated with the principal amount outstanding during a particular period and for other key lending risks and costs as well as profit margin.

If the Foundation identifies any contractual cash flows, such that cash flows are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

In making this assessment, the Foundation considers the following:

- contingent events;
- leverage features;
- prepayment and term extensions; and
- terms that limit the Foundation's recourse to specific assets and features that modify consideration of the time value of money.

ii. Recognition And Measurement

Initial recognition of financial assets is at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. Recognition of regular purchases and sales of financial assets practice are on the trade date.

Debt Instruments Measured At AC

Debt instruments are measured at AC if they are held within a business model whose objective is to hold for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried out at AC using the effective interest method. The AC is the amount at which the financial asset or financial liability is measured at the initial recognition amount minus the principal repayments, plus or minus the cumulative amortization using the Effective Interest Rate method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The debt instruments of the Foundation comprise loans and investment securities that are sovereign bonds. After assessing its business model for loans and sovereign bonds, held to collect the contractual cash flows, and where the cash flows represent solely payments of principal and interest, these instruments are measured at AC.

Recognition of purchases and sales of debt instruments at AC are at trade date – the date the Foundation commits to purchase or sell the asset – and are measured at AC when cash is advanced to the borrowers. Mortgage loans are recognized on the settlement date - the date on which the Foundation and the client sign the notary deed. There are cases of loans closed between the Foundation and its client for purchasing a house of the Foundation or former house of the Government of Aruba for which the mortgage rights have not been passed as per the balance sheet date. Recognition of these loans is at the trade date.

Interest income using the effective interest rate method is recognized in the Statement of Comprehensive Income through profit or loss. Impairment on debt instruments measured at AC is calculated using the expected credit loss approach. Loans and debt securities measured at AC are presented as net of allowance for credit losses in the Statement of Financial Position.

Debt Instruments Measured At FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold both for the collection of contractual cash flows and for the sale of financial assets, where the financial assets' cash flows represent payments that are solely payments of principal and interest, and that are not designated at FVPL. After initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are taken through other comprehensive income in full unless the instrument is designated in a fair value hedge relationship.

When the asset is derecognized, the cumulative gain or loss previously recognized in Other Comprehensive Income (OCI) is reclassified from equity to profit or loss and recognized in Net Investment Income. Foreign exchange gains and losses that relate to the AC of the debt instrument are recognized through profit or loss.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The expected credit loss on debt instruments measured at FVOCI does not reduce the asset's carrying amount in the Statement of Financial Position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the financial assets were measured at AC is recognized in OCI with a corresponding amount taken to Credit Impairment Losses in the Statement of Comprehensive Income. The accumulated amount recognized in OCI is recycled through profit or loss upon derecognition of the debt instrument.

Debt Instruments Measured At FVPL

Financial assets that do not meet the criteria for AC or FVOCI are measured at fair value through profit or loss. Financial Assets Mandatorily Measured at FVPL.

Financial assets meeting either of the conditions below are mandatorily measured at fair value through profit or loss (other than in respect of an equity investment designated as at fair value through other comprehensive income):

- Financial assets with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- Financial assets are held within a business model whose objective is achieved neither by collecting contractual cash flows nor by collecting contractual cash flows and selling financial assets. This includes financial assets held within a portfolio that is managed and whose performance is evaluated on a fair value basis. It further includes portfolios of financial assets that are 'held for trading.'

Financial Assets Designated As Measured At FVOCI

A financial asset may be designated at fair value through profit or loss only if doing so eliminates or significantly reduces measurement or recognition inconsistencies (accounting mismatch) that would otherwise arise from measuring financial assets or liabilities or recognizing gains and losses on them on a different basis. They are carried in the Statement of Financial Position at fair value, with all changes in fair value recorded in profit or loss in the Statement of Comprehensive Income.

Debt instruments of the Foundation comprise the following:

- Receivables, receivables of the Government of Aruba and current account with the Government of Aruba;
- Personal loans and mortgage loans; and
- Investments in time deposits and government bonds.

After assessing its business model for receivables, loans, and investments, mostly held to collect the contractual cash flows where the cash flows represent solely payments of principal and interest, these instruments are measured at AC.

1.2.5.1. Trade And Other Receivables

If collection is expected in one year or less, Trade and other receivables are classified as current assets. If not, they are presented as non-current assets. The Foundation uses a simplified approach in accounting for Trade and Other Receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Foundation uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

The Foundation assesses the Impairment of trade receivables collectively as they possess shared credit risk characteristics they have been grouped based on the days past due.

Receivables, receivables of the Government of Aruba and current account with the Government of Aruba are recognized initially at fair value and subsequently measured at AC, using the effective interest method, less provision for Impairment.

1.2.5.2. Impairment Of Financial Assets

Scope

The Foundation recognizes impairment loss allowances for expected credit losses on the following categories of financial assets unless measured at fair value through profit or loss:

- financial assets that are debt instruments;
- loan commitments;
- receivables and contract assets recognized under IFRS 15 'Revenue from contracts with customers.'

The Expected credit loss model is an incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under IAS 39, to an expected credit loss model under IFRS 9, where provisions are taken upon initial recognition of the financial asset, based on expectations from potential credit losses at the time of initial recognition. The Foundation first evaluates individually whether objective Impairment exists for financial assets which are individually significant. It then collectively assesses financial assets that are not individually significant and loans that are significant but for which there is no objective evidence of Impairment.

The Foundation uses an Expected Credit Loss model developed to meet the requirements of IFRS 9. The allowance for credit loss calculations is an output of models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. This model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination.

The Foundation assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at AC and FVOCI and the exposure arising from loan commitments and financial guarantee contracts. The Foundation recognizes a loss allowance for such losses at each reporting date.

The measurement of Expected Credit Loss reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Presentation Of Allowance For Credit Losses In The Statement Of Financial Position

- financial assets measured at AC: as a deduction from the gross carrying amount of the financial assets;
- debt instruments measured at fair value through other comprehensive income: no allowance is recognized in the Balance Sheet because the carrying value of these assets is their fair value. However, the allowance determined is presented in the accumulated other comprehensive income;

Write-Offs

When a loan is uncollectible, it is written off against the related provision for loan impairment and reduces the gross carrying amount of the loan. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Modified Loans

Loans are identified as renegotiated and classified as credit-impaired when the Foundation modifies the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit-impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or recognition. A renegotiated loan is derecognized if the existing agreement is canceled, and a new agreement is made on substantially different terms or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following recognition events in these circumstances are considered to be purchased or originated credit-impaired financial assets (POCI) and will continue to be disclosed as renegotiated loans. Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit-impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Modified Loans That Are Not Credit-Impaired

Loan modifications that are not identified as renegotiated are considered to be restructured. Where a restructuring results in a modification such that the Foundation's rights to the cash flows under the original contract have expired, the old loan is derecognized, and the new loan is recognized at fair value. The rights to cash flows are generally considered to have expired if the restructuring is at market rates and no payment-related concession has been provided.

Non-Performing Loans

The Foundation's approach to classifying performing versus non-performing loans is through the utilization of the internal credit risk grading process. All credit graded/ categorized special caution, sub-performing and default are considered credit-impaired and require individual provisions or "Stage 3" Expected Credit Loss.

1.2.5.3. Financial Liabilities

I. Classification, Recognition And Subsequent Measurement

The Foundation classifies its financial liabilities as being measured at AC unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities mandatorily at fair value through profit or loss. Financial liabilities are initially recognized at fair value (usually the issued proceeds, that is, the fair value of the consideration received) less, in the case of financial liabilities subsequently carried at AC, transaction costs. Any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the Statement of Comprehensive Income through profit or loss using the effective interest method for financial liabilities carried at AC.

The movement in own credit risk related to financial liabilities designated at fair value through profit or loss is recorded in other comprehensive income unless this would create or enlarge an accounting mismatch in profit or loss for the Foundation (in which case all gains or losses are recognized through profit or loss).

ii. Derecognition

Financial liabilities are derecognized when they are extinguished, for instance, when the obligation specified in the contract is discharged, canceled, or expires.

1.2.5.4. Trade And Other Payables

These amounts represent unpaid liabilities for goods and services provided to the Foundation before the end of the financial year. The charges are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognized at their fair value and subsequently measured at AC using the effective interest rate method.

1.2.5.5. Leases

The Foundation As A Lessee

For any new contracts, the Foundation considers whether a contract is or contains a lease. A lease is defined as a contract or part of an agreement that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Foundation assesses whether the contract meets three key evaluations, which are whether:

- the contract contains an identified asset, which is either explicitly identified in the agreement or implicitly specified by being identified at the time the asset is made available to the Foundation.
- the Foundation has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract, and
- the Foundation has the right to direct the use of the identified asset throughout the time of use. The Foundation assesses whether it has the right to control 'how and for what purpose' the asset is used throughout the period of use.

Measurement And Recognition Of Leases As A Lessee

At the lease commencement date, the Foundation recognizes a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Foundation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Foundation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Foundation also assesses the right-of-use asset for impairment when such indicators exist. Leases of land generally have lease terms between 4 and 60 years, while office equipment generally has lease terms between 3 and 4 years.

At the commencement date, the Foundation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Foundation's incremental borrowing rate. Lease payments included

in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After the initial measurement, the liability will be reduced for payments made and increased for interest. It is premeasured to reflect any reassessment or modification or if there are changes in in-substance fixed payments. When the lease liability is premeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Foundation has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments concerning these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Foundation As A Lessor

The Foundation leases out investment properties under operating leases. Investment properties include real estate properties owned to earn rentals and for capital appreciation.

1.2.5.6. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at AC. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss throughout the borrowings period using the effective interest rate method. Fees paid on establishing loan facilities are recognized as loan transaction costs to the extent that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs.

To the extent there is no evidence that this is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, canceled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Foundation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing Costs

General and specific borrowing costs are expensed in the period they are incurred.

1.2.6. Investment Properties

Investment Properties are properties held to earn rental income, not for capital appreciation. Investment properties are stated at cost less accumulated depreciation, except property available for sale, projects in progress and land stated at historical cost less depreciation. Projects in progress are stated at historical cost and are not depreciated during the period of construction. The land is stated at cost and is not depreciated.

The fair value is disclosed in the disclosure note of investment property based on recent appraisal reports.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, which ranges between 5 to 50 years (depending on the property type) from the property's purchase date without considering a residual value. The land is not depreciated. Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

1.2.7. Tangible Fixed Assets For Own Use

Tangible fixed assets for own use consist of the office building, furniture and equipment, computer equipment, vehicles, and community center facilities. Tangible fixed assets for own use are stated at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Office building and improvements: 3 - 40 years
- Furniture equipment: 2 - 10 years
- Computer equipment: 3 years
- Vehicles: 5 years
- Community centers: 10 - 50 years

Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

1.2.8. Employee Benefits

i. Short Term Obligations

Liabilities for wages and salaries that are expected to be settled wholly within 12 months, including non-monetary benefits and accumulating sick leave, after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of the payroll and other statutory liabilities included in Trade and other payables in the Statement of Financial Position.

ii. Other Long-Term Employee Benefits Obligations

The provision for anniversary allowance is expected to be settled partially within 12 months after the end of the reporting year. This provision is therefore measured as the present value of expected future payments for anniversary allowance that is based on the number of years that the employees are in service at the Foundation. Consideration is given to expect future wage and salary levels, experience of employee departures, life expectancy and service periods. Expected future payments are discounted using a rate of 4.5% per annum. Re-measurements resulting from experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution. For the defined contribution plans, the Foundation pays contributions to administered pension insurance plans on a mandatory or contractual basis. The contributions are consequently recognized as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognized as an asset.

For information regarding the Foundation's pension arrangements, reference is made to note 5.4 in these financial statements.

1.2.9. Capital

i. Capital

FCCA is a foundation; there is no issuance of shares or payout of dividends. The result of the Foundation's products and services is to the benefit of its products and services. Its capital is affected by this result, included in retained earnings.

ii. Other Reserves

Other reserves consist of the Foundation's retained earnings and a regulatory loan loss reserve. As a financial institution under the prudential supervision of the Central Bank of Aruba, the Foundation is, based on the applicable State Ordinance on the Supervision of the Credit System and related Supervisory Directives, required to recognize a reserve of at least 3% of the net loan portfolio (gross loans minus allocated provisions) plus other risk items on the asset side of the statement of financial position. This reserve is formed from retained earnings.

1.2.10. Revenue Recognition

To determine whether to recognize revenue, the Foundation follows a 5-step process:

- identifying the contract with a customer;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized either at a point in time or over time when (or as) the Foundation satisfies performance obligations by transferring the promised services to its customers.

The Foundation recognizes contract liabilities for consideration received regarding unfulfilled performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, in case the Foundation satisfies a performance obligation before it receives the consideration, the Foundation recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Interest Income

The Foundation calculates interest income on financial assets other than those considered credit-impaired by applying the effective interest rate to the gross carrying amount of the financial asset. When a financial asset becomes credit impaired, the Foundation calculates interest income by applying effective interest rate to the net AC of the financial asset. If the financial assets cure and are no longer credit-impaired, the Foundation reverts to calculating interest income on a gross basis.

Interest Expense

Interest expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income for all instruments measured at AC using the effective interest method. The effective interest method calculates the AC of a financial liability and allocates the interest expense over the relevant period.

The Effective Interest Rate Method

Interest income is recorded using the effective interest rate method for all financial assets and financial liabilities measured at AC.

The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period to the gross carrying amount of the financial asset. The effective interest rate is calculated by considering transaction costs, any discount or premium on the acquisition of the financial asset, and fees and costs that are an integral part of the effective interest rate.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Foundation estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses.

For purchased or originated credit-impaired financial assets – assets that are credit-impaired at initial recognition – the Foundation calculates the credit-adjusted effective interest rate, which is calculated based on the AC of the financial asset instead of the gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

If expectations of fixed-rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original effective interest rate with a significant adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or financial liability on the

Statement of Financial Position with a corresponding increase or decrease in interest income/expense calculated using the effective interest method.

Other Income

Fee and Commission Income arises mainly from loan commitments and administration, other financial service-related products, and fund management.

Revenue is measured at the fair value of the consideration received or receivable. The Foundation recognizes revenue when the amount of revenue can be reliably measured, future economic benefits will flow to the entity, and specific criteria have been met for each of the Foundation's activities as described below.

Revenues From Financing Activities

Revenues from financing activities consist of interest income and fees-, and commission income. Interest income from loans is recognized as it accrues, taking into effect the effective interest rates of the loans. Interest income from investments is recognized as it accrues, taking into effect the effective yield on the investment. Fees and commission income, including transaction and closing fees, are recognized as the related services performed.

Revenues From Real Estate Activities

Revenues from real estate activities consist of rental revenues. Rental revenue arises from residential properties and commercial buildings of the Foundation, including the rent subsidy paid by the Government of Aruba for the social tenants. This revenue is recognized on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

1.2.11. Expenses

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

1.2.12. Settlement Of Receivables And Liabilities

Receivables and liabilities are settled and presented in the financial statements if a legally enforceable right for settlement exists and if both parties intend to settle receivables and liabilities simultaneously on a net basis.

1.2.13. Taxes

Due to the Foundation's activities, it is not subject to profit tax. Refer to note 6.4.

The Foundation is subject to taxes for certain revenue items due to the laws on turnover tax (BBO and BAVP) and, later, health care levy (BAZV) in Aruba. Turnover tax (BBO and BAVP) and health care levy (BAZV) are presented in the statement of profit or loss within general expenses.

1.2.14. Cash Flow And Liquidity Position

Regarding future investment in social housing projects, for which new funding will be needed, Management maintains the decision that these investments will only be made when the funding for social housing (if necessary) has been realized under special loan terms and conditions designed primarily for social housing.

Management expects sufficient cash flow to continue to be generated to improve the Foundation's cash flow and liquidity position. The financial statements are based upon going-concern assumption.

1.2.15. Critical Estimates And Judgments

Preparing financial statements requires using accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Foundation's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity and of items more likely to be materially adjusted due to estimates and assumptions resulting in being wrong. Detailed estimation about each of these estimates and judgments is included in the notes to the financial statements, together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgments are:

- Classification & Impairment of financial assets;
- The estimated useful life of tangible fixed assets and investment property; and
- Estimation of the provision for anniversary allowance

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may financially impact the entity and are believed to be reasonable under the circumstances.

Classification Of Financial Assets

Management needs to exercise judgment in assessing the business model within which the assets are held and evaluating whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

Impairment Of Financial Instruments

In determining Expected Credit Loss, Management is required to exercise judgment in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions, and forecasts of economic conditions.

2. Financial Risk Management

The Foundation manages its general risk by complying with its own Governance Code, and the Foundation has the Internal auditor and Risk management positions separately while continuously investing in their knowledge upgrade. Regarding compliance, the function of Money Laundering Compliance Officer and Money Laundering Reporting Officer is being carried out full-time by two separate staff members.

2.1. Credit Risk

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations and arises from the loan portfolio of the Foundation, as well as cash and cash equivalents, investments in time deposits and government bonds, deposits with banks and outstanding receivables.

The Foundation has a relatively elevated credit risk due to the nature of its activities for its primary target group (c.q. social).

The Foundation, as a financial institution under the supervision of the Central Bank of Aruba, has continuously been monitored through field surveys since the first onsite inspection in 1988 and must comply entirely with the State Ordinance under Supervision of the Credit System.

In addition, the Foundation has, in this respect, the requirement to report monthly to the Central Bank of Aruba. Non-compliance to the prudential supervision standards of the Central Bank of Aruba will first lead to non-compliance fines, and ultimately, it can result in the withdrawal of the banking permit necessary for the home mortgage loan product.

The Foundation has made adequate provisions and has appropriate insurance coverage for deaths and accidents for the risk of collectability and the underlying collateral. The Foundation has first mortgage rights on its clients' homes by means of construction or purchase loans. Concerning receivables and other assets, the Foundation has made adequate provisions and tries to arrange automatic deductions on salary or automatic bank transfers from its clients to ensure timely repayments. Management has a credit policy, and the credit risk is continuously monitored.

Risk Management

Credit risk is managed on a group basis:

- Bank accounts are held with local banks under the supervision of the Central Bank of Aruba. These banks must comply with sound solvency and liquidity requirements stipulated by the Central Bank of Aruba. These banks have no external ratings;
- The investments consist of local government bonds and time deposits held with local banks. Local government bonds issued by the Government of Aruba have no external rating;
- The (mortgage) loan portfolio, all having no external rating; and
- Receivables from tenants and other parties, all having no external rating.

2.1.1. Expected Credit Loss Measurement

IFRS 9 outlines a 'three-stage' approach for impairment based on changes in credit quality since initial recognition, as summarized below:

Stage 1 12-Month ECL (Not Credit Impaired)

These are financial instruments where there has not been a significant increase in credit risk since initial recognition. An impairment loss allowance equal to 12 months ECL is recognized. That is the portion of lifetime ECL resulting from possible default events within the next 12 months. The Foundation continuously monitors credit risk.

Stage 2 Lifetime ECL (Not Credit Impaired)

These financial instruments significantly increase credit risk since initial recognition but are not credit impaired. An impairment loss allowance equal to lifetime ECL is recognized. Lifetime ECL is the ECL resulting from all possible default events over the expected life of the financial instrument.

Stage 3 Lifetime ECL (Credit-Impaired)

These are financial instruments that are credit-impaired at the reporting date but were not credit-impaired at initial recognition. An impairment loss allowance equal to lifetime ECL is recognized.

Significant Risk In Credit Risk At Initial Recognition

Based on quantitative and qualitative assessments, the Foundation assesses when a significant increase in credit risk has occurred. A backstop has been applied, and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days due on its contractual payments.

The Foundation assesses the decrease or increase in credit risk in the ECL model. A decrease in credit risk will result in a release of the credit impairment, while an increase in credit risk will result in an addition of the credit impairment.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL as these do not contain a significant financing component. The Foundation considers having low credit risk for the current asset trade and other receivables. The Foundation has not used the low credit risk exemption for other financial instruments in the year ending December 31, 2024.

Credit Impaired Financial Assets At Stage 3

The Foundation has aligned its definition of credit impaired under IFRS 9 to when a financial asset has defaulted for regulatory purposes according to the Capital Requirements Regulation (CRR). Credit impaired is when the exposure defaults, which is also anticipated to align with when exposure is identified as individually impaired under the incurred loss model, as was the case under IAS 39.

Determining whether a financial asset is credit-impaired focuses exclusively on default risk without considering the effects of credit risk mitigation, such as collateral or guarantees. A financial asset is credit-impaired in Stage 3 when the Foundation considers the obligor unlikely to pay its credit obligations to the Foundation. The determination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that are qualitative indicators of credit impairment, or contractual payments of either principal or interest by the obligor are past due by more than 90 days.

Purchased Or Originated Credit Impaired Financial Assets In Stage 3

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis. All subsequent changes in lifetime expected credit losses, whether positive or negative, are recognized in the income statement as a component of the provision for credit losses (Stage 3).

The Foundation determines appropriate groups of assets when ECL is measured collectively. Please see 4.1.1.

Measuring ECL – Basis Of Inputs, Assumptions And Estimation Techniques

IFRS 9 does not distinguish between individually significant or not individually significant financial assets. As such, the Foundation calculates expected credit losses for each financial asset individually.

The Foundation uses three main components to measure ECL: Probability of default (PD), exposure at default (EAD), and loss given default (LGD). The Foundation has leveraged existing parameters used to determine capital demand under the Basel Internal Ratings Based Approach and internal risk management practice as much as possible to calculate ECL. These parameters are adjusted where necessary to comply with IFRS 9 requirements.

Details of these statistical parameters/inputs are as follows:

- The probability of default (PD) estimates the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life if the facility has not been previously derecognized and is still in the portfolio.
- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The loss-given default (LGD) estimates the loss arising when a default occurs at a given time. It is based on the difference between the contractual cash flows due and those the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Forward-Looking Macroeconomic Factors

ECL should consider forward-looking information. The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information require significant judgment. The Foundation used the unemployment index as a forward-looking macroeconomic factor. The average increase in the unemployment rate has been projected over a twelve-month period for stage 1 and over the remaining terms of the loans for stage 2 and 3.

Segmentation

ECL requires that exposures be appropriately grouped into homogenous segments based on shared credit characteristics expected to react to the current environment. Forward-Looking Information (FLI) and macroeconomic factors are expected to react similarly with respect to changes in the level of credit risk. The Foundation's current AIRB and stress testing models form the basis of the segmentation approach, with portfolios grouped to create PD, LGD, and EAD segments as of the reporting date.

2.1.2. Impairment Provisioning Policies

The Foundation has established a Credit Loss and Provisioning Policy, which describes its principles and policies for identifying, assessing, and recognizing impairment and loss provisioning for all financial assets except those measured at Fair Value through the Profit & Loss. The internal rating tool assists Management in determining whether objective evidence of impairment exists based on the criteria set out by the Foundation in Note 1.3, Summary of Material Accounting Policies.

For expected credit loss provisions modeled collectively, a grouping of exposures is performed based on shared risk characteristics, such that risk exposures within a group are homogenous.

Maximum Credit Risk Exposure (Financial Instruments Subject To Impairment).

The table below summarizes the composition and risk profile of the Foundation's financial assets subject to impairment.

Mortgage loans - Amortized Cost						
	Stage 1	Stage 2	Stage 3	2024 ECL -Stages Purchased credit impaired	Total	2023 Total
Credit grade						
1. Exceptional	3,542,668	10,326	-	-	3,552,994	8,040,406
2. Strong	11,409,238	347,910	-	-	11,757,148	12,396,751
3. Satisfactory	39,347,800	483,828	-	-	39,831,628	47,166,624
4. Acceptable	36,908,830	1,873,716	-	-	38,782,546	31,251,866
5. Less acceptable	45,147,446	11,579,008	-	-	56,726,454	39,299,187
6. Vulnerable	746,626	3,455,831	-	-	4,202,457	6,399,357
7. More vulnerable	222,990	3,931,416	-	-	4,154,406	5,849,289
8. Marginal	-	30,005,485	14,028,769	-	44,034,254	52,074,594
9. Special caution	-	-	1,005,213	-	1,005,213	1,811,392
10. Sub-performing	-	-	1,520,078	-	1,520,078	1,190,610
11. Default	-	-	517,802	-	517,802	916,140
Gross carrying amount	137,325,598	51,687,520	17,071,862	-	206,084,980	206,396,216
Loss allowance	(1,134,660)	(3,070,869)	(1,562,083)	-	(5,767,612)	(6,457,274)
Carrying amount	136,190,938	48,616,651	15,509,779	-	200,317,368	199,938,942

Exposure to loan commitments				
Credit grade	Stage 1	Stage 2	Stage 3	Total
01. Exceptional	-	-	-	-
02. Strong	-	-	-	-
03. Satisfactory	71,104	-	-	71,104
04. Acceptable	435,556	-	-	435,556
05. Less acceptable	1,928,859	64,612	-	1,993,471
06. Vulnerable	-	-	-	-
07. More Vulnerable	-	-	-	-
08. Marginal	-	1,786	-	-
09. Special caution	-	-	-	-
10. Sub-performing	-	-	-	-
11. Default	-	-	-	-
Total	2,435,520	66,399	-	2,501,918

Changes in Carrying Amount					
	Stage 1 12-month Carrying Amount	Stage 2 Lifetime Carrying Amount	Stage 3 Lifetime Carrying Amount	Purchased credit- impaired	Total
Mortgage Loans					
Carrying amount as per Januari 1, 2024	120,428,586	68,181,866	17,785,764	-	206,396,216
Movements with P&L impact					
Transfers:					
New financial assets originated or purchased	24,102,790	711,389	534,561	-	25,348,740
Derecognition of assets	(7,794,199)	(4,594,672)	(2,321,032)	-	(14,709,903)
Changes in PY loan balances	(9,161,842)	(1,249,346)	(538,866)	-	(10,950,054)
Total net P&L charge during the period					
Transfers:					
Transfer from Stage 1 to Stage 2	(29,893,317)	29,893,317	-	-	-
Transfer from Stage 1 to Stage 3	(1,131,763)	-	1,131,763	-	-
Transfer from Stage 2 to Stage 1	37,661,740	(37,661,740)	-	-	-
Transfer from Stage 2 to Stage 3	-	(8,647,700)	8,647,700	-	-
Transfer from Stage 3 to Stage 2	-	5,054,408	(5,054,408)	-	-
Transfer from Stage 3 to Stage 1	3,113,620	-	(3,113,620)	-	-
Carrying amount as per December 31, 2024	137,325,615	51,687,522	17,071,862	-	206,084,999

Collateral and credit enhancements held for stage 3 loans			
Loans	Carrying amount	Collateral	Net exposure
	17,071,863	35,337,336	(18,265,473)

The investment measured at amortized cost is assessed in the ECL model at stage 1. The stage is based on international rating of the government Bonds of the Government of Aruba. As of March 2024, Standard & Poor's credit rating for Aruba stands at BBB with a stable outlook. The impaired amount is Afl. 5,276 of the total investment of Afl. 5.1 million. Other debtors in stage 3 are 100% impaired, for a total amount of Afl. 2.0 million.

Investments - Amortized Cost						
	Stage 1	Stage 2	Stage 3	2024 Purchased credit impaired	Total	2023
Credit grade						
1. Performing	5,112,000	-	-	-	5,112,000	6,237,000
2. Underperforming	-	-	-	-	-	-
3. Not performing	-	-	-	-	-	-
Gross carrying amount	5,112,000	-	-	-	5,112,000	6,237,000
Loss allowance	(5,276)	-	-	-	(5,276)	(12,880)
Carrying amount	5,106,724	-	-	-	5,106,724	6,224,120

All investments in time deposits and government bonds are denominated in Aruban florins. As a result, there is no exposure to foreign currency risk.

The expected credit loss for the rental debtors has been determined using the simplified approach. The total amount impaired is Afl. 3.9 million as per December 31, 2024.

Rent Debtors – Amortized Cost						
	Stage 1	Stage 2	Stage 3	2024 Purchased credit impaired	Total	2023
Credit grade						
1. Performing	35,246	-	-	-	35,246	46,827
2. Underperforming	-	94,493	-	-	94,493	120,051
3. Not performing	-	-	3,806,215	-	3,806,215	3,705,227
Gross carrying amount	35,246	94,493	3,806,215	-	3,935,954	3,872,105
Loss allowance	(735)	(12,920)	(3,806,215)	-	(3,819,870)	(3,763,657)
Carrying amount	34,511	81,573	-	-	116,084	108,448

The personal loans for a total amount of Afl. 754,851 and the insurance debtors for the amount of Afl. 17,416 are not subjected to impairment.

2.2. Liquidity Risk

Risk Management

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. On a daily basis, the cash and cash equivalents and securities positions are monitored to maintain the minimum amount of Afl. 15 to 20 million (5% of the asset total). Management estimates that this amount is adequate based on the obligations and operations of the foundation. Additionally, a buffer is available within investment properties (land etc.) that that can be converted into cash when required.

The Foundation only invests in time deposits and government bonds that are favorably marketable and negotiable, minimizing any risk. Besides that, investments in time deposits are only performed with local counterparts under the supervision of the Central Bank of Aruba.

Financing Arrangements

The Foundation has no bank overdraft or undrawn borrowing facilities at the end of the reporting period.

Maturities Of Financial Liabilities

The tables below analyze the Foundation's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. For future contractual payments of leases, see note 6.4.

Contractual maturities of financial assets and liabilities	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Per December 31, 2024				
(in Aruban florin)				
Cash and cash equivalents	21,969,768	-	-	21,969,768
Financial assets - loans and receivables	30,193,882	42,699,721	131,645,645	204,539,248
Financial assets - investments measured at amortized costs	3,842,074	-	1,440,512	5,282,586
Total financial assets	56,005,724	42,699,721	133,086,157	231,791,602
Trade and other payables	15,844,885	-	-	15,844,885
Borrowings	6,128,841	24,465,365	79,340,772	109,934,978
Lease liability	412,196	1,397,093	14,128,223	15,937,512
Total financial liabilities	22,385,922	25,862,458	93,468,995	141,717,375
Net liquidity position	33,619,802	16,837,263	39,617,162	90,074,227
Per December 31, 2023				
(in Aruban florin)				
Cash and cash equivalents	14,303,102	-	-	14,303,102
Financial assets - loans and receivables	32,432,371	43,119,913	129,090,084	204,642,368
Financial assets - investments measured at amortized costs	1,311,567	3,662,400	1,439,017	6,412,984
Total financial assets	48,047,040	46,782,313	130,529,101	225,358,454
Trade and other payables	15,838,729	-	-	15,838,729
Borrowings	6,133,841	24,485,365	85,449,613	116,068,819
Lease liability	398,802	1,433,755	14,267,142	16,099,699
Total financial liabilities	22,371,372	25,919,120	99,716,755	148,007,247
Net liquidity position	25,675,668	20,863,193	30,812,346	77,351,207

2.3. Competitive Risk

The Foundation is the only housing foundation with a mortgage bank on the island and competes with other financial institutions and insurance companies with regards to housing mortgages

2.4. Market Risk

Foundation faces market risks consisting mainly of price risk and interest rate risk. Foreign exchange risk is considered low since the Foundation holds no loans in foreign currencies.

Price risk is related to the value of the investments held by the Foundation and the risk related to the Foundation's exposure to price developments in the Aruban housing market. Interest rate risk is associated with interest-bearing financial instruments, particularly the Foundation's borrowings.

Risk Management

Market risk management aims to maintain the market risk position within acceptable boundaries versus generating an optimal return. To manage market risk, long-term government bonds and time deposits are concluded at fixed interest rates and the available funds are kept as much as possible in interest-bearing bank accounts. Given the market in which it operates, the Foundation can count on a steady number of clients for its products.

The interest rate risk management against the interest rate gap limits is supplemented by monitoring the sensitivity of the Foundation's financial assets and liabilities to expected interest rate scenarios.

The interest rate in the Foundation's financial liabilities is fixed at 5.5% for the coming four years (reference is made to note 4.1.5). Consequently, the interest rate risk on financial liabilities is limited.

Exposure To Interest Rate Risk

The following tables show the carrying values of the assets and liabilities, presented at the earliest interest due date, or contracted re-pricing date:

Interest period	Up to 1 year	Between 1 and 5 years	More than 5 years	Non-interest bearing	Total
Per December 31, 2024					
(In Aruban florin)					
Cash and cash equivalents	-	-	-	21,969,768	21,969,768
Financial assets - loans and receivables	26,726,855	42,699,721	131,645,645	3,467,027	204,539,248
Financial assets - investments measured at amortized costs	3,842,074	-	1,440,512	-	5,282,586
Inventory	-	-	-	1,189,462	1,189,462
Investment properties	-	-	-	138,587,599	138,587,599
Tangible fixed assets	-	-	-	3,493,464	3,493,464
Total assets	30,568,929	42,699,721	133,086,157	168,707,320	375,062,127
Trade and other payables	-	-	-	15,844,885	15,844,885
Lease liability	113,089	237,099	6,181,294	-	6,531,481
Employee benefit obligation	-	-	-	888,812	888,812
Borrowings	2,288,946	10,414,300	56,999,840	-	69,703,086
Total liabilities	2,402,035	10,651,399	63,181,134	16,733,697	92,968,264
Interest rate gap	28,166,894	32,048,322	69,905,023	151,973,623	282,093,863
Per December 31, 2023					
(In Aruban florin)					
Cash and cash equivalents	-	-	-	14,303,102	14,303,102
Financial assets - loans and receivables	28,565,119	43,119,913	129,090,084	3,867,252	204,642,368
Financial assets - investments measured at amortized costs	1,311,567	3,662,400	1,439,017	-	6,412,984
Inventory	-	-	-	1,136,227	1,136,227
Investment properties	-	-	-	140,384,407	140,384,407
Tangible fixed assets	-	-	-	3,978,411	3,978,411
Total assets	29,876,686	46,782,313	130,529,101	163,669,399	370,857,499
Trade and other payables	-	-	-	15,838,729	15,838,729
Lease Liability	98,148	275,473	6,068,784	-	6,442,405
Employee benefit obligation	-	-	-	897,297	897,297
Borrowings	2,349,561	9,896,868	59,806,218	-	72,052,647
Total liabilities	2,447,709	10,172,341	65,875,002	16,736,026	95,231,078
Interest rate gap	27,428,977	36,609,972	64,654,099	146,933,373	275,626,421

Sensitivity

An analysis of the Foundation's sensitivity to an increase or decrease in mortgage loan interest rates, assuming no asymmetrical movements in various interest rates and a constant Statement of Financial Position, is as follows:

(In thousands of Aruban florin)	100 bp parallel increase	100 bp parallel decrease
Sensitivity of Projected Net Interest Income 2024	2,113	(2,113)
Sensitivity of Projected Net Interest Income 2023	2,048	(2,048)

As only the interest income is affected by an in- or decrease in the effective interest rate on mortgage loans, the sensitivity of the reported equity equals the sensitivity of the projected net interest income by way of retained earnings arising from increases or decreases in net interest income reported in the profit or loss.

2.5. Loss Allowance

The loss allowance recognized in the period is impacted by a variety of factors, such as transfers between stages due to financial instruments experiencing significant increases or decreases in credit risk, step-up or step-down between 12-month and lifetime ECL, additional allowances for new financial instruments recognized during the period, among others. Refer to the table presentation.

The table below explains the changes in the loss allowance between the beginning and the end of the annual period.

Changes in Loss Allowance					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Mortgage Loans					
Loss allowance as per January 1, 2024	744,544	4,170,657	1,542,073		6,457,274
Movements with P&L impact					
New financial assets originated or purchased	402,400	126,526	55,115	-	584,041
Derecognition of assets	(38,156)	(292,653)	(370,622)	-	(701,431)
Changes in PDs/LGDs/EADs	(2,082,705)	1,393,233	117,200	-	(572,272)
Total net P&L charge during the period	(1,718,461)	1,227,106	(198,307)		(689,662)
Transfers:					
Transfer from Stage 1 to Stage 2	(179,262)	179,262	-	-	-
Transfer from Stage 1 to Stage 3	(16,154)	-	16,154	-	-
Transfer from Stage 2 to Stage 1	2,095,126	(2,095,126)	-	-	-
Transfer from Stage 2 to Stage 3	-	(812,316)	812,316	-	-
Transfer from Stage 3 to Stage 2	-	401,320	(401,320)	-	-
Transfer from Stage 3 to Stage 1	208,878	-	(208,878)	-	-
Loss allowance as per December 31, 2024	1,134,671	3,070,903	1,562,038	-	5,767,612

3. CAPITAL MANAGEMENT

The Foundation defines capital risk as the risk of losing all or part of its capital invested, meaning its assets. This measurement is monitored explicitly by the Central Bank of Aruba, for which the Foundation must submit its monthly calculations. As per year-end 2024 and 2023, the Capital Ratio defined by the Central Bank of Aruba is 111%, respectively 108% (the norm is 16%).

The Foundation invests its capital in mortgage loans and the development of rental houses. The investment in rental properties is continuously maintained to upkeep their values at all times.

When managing capital, the Foundation's objectives are to safeguard the ability to continue as a going concern to provide returns and benefits for its primary target group and to maintain an optimal capital structure to reduce the cost of capital.

Internally, the Foundation monitors capital based on the debt-to-equity ratio. This ratio is calculated as total debt divided by total equity.

This debt-to-equity ratio amounts for 2024 and 2023:

	2024	2023
(in Aruban florin)		
Total debt	92,968,264	95,231,078
Total equity	282,093,863	275,626,421
Debt to equity ratio	0.33	0.35

During ALCO meetings, key management is kept informed about possible changes in investments and projects and the effects on the Foundation's capital adequacy are discussed.

Loan Covenants FCCA Intercreditor Agreement (Consortium Loan)

The Foundation is required to comply with the following financial covenants:

- Debt service coverage ratio (DSCR; EBITDA divided by debt service) at a level equal to or exceeding 1.25;
- The loan delinquency ratio over the total loan portfolio (total outstanding balances of past due loans divided by the total outstanding loan balances) shall not exceed 10% (ten percent);
- The solvency ratio (equity divided by total assets) is maintained at a level equal to or exceeding 30% (thirty percent); and
- The total aggregate value of the outstanding balance of the pledged mortgage loans pledged as collateral must be at least 125% of the then outstanding borrowing balance as per balance sheet date (Afl. 71,250,000).

The Foundation has complied with these covenants at the reporting date (see Key figures).

	Required	2024	2023
Solvency ratio	≥ 30%	75%	74%
Debt Service Coverage ratio	≥ 1.25	2.62	2.49
Mortgage Loan Delinquency ratio	≤ 10%	5.06%	5.17%
Mortgage Loan Collateral (Afl.)	≥ 125%	86,320,190	89,063,911

4. Notes To The Statement Of Financial Position

4.1. Financial Assets and Financial Liabilities

Per the Statement of Financial Position per December 31, 2024, and based on the cash flow over the twelve months for 2024, the Foundation shows positive results, a sound financial position and positive cash flows from operating activities.

The Foundation holds the following financial instruments:

	Note#	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)			
Financial assets			
Loans and receivables	4.1.1	204,539,248	204,642,368
Investments in time deposits and government bonds	4.1.2	5,282,586	6,412,984
Cash and cash equivalents	4.1.3	21,969,768	14,303,102
		231,791,602	225,358,454
Financial liabilities			
Trade and other payables	4.1.4	15,844,885	15,838,729
Borrowings	4.1.5	69,703,086	72,052,647
		85,547,971	87,891,376

All financial instruments above are categorized as 'financial assets/liabilities at amortized cost.

The Foundation's exposure to various risks associated with financial instruments is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

4.1.1. Loans And Receivables

Receivables				
	Dec. 31, 2024 current	Dec. 31, 2024 non-current	Dec. 31, 2023 current	Dec. 31, 2023 non-current
(in Aruban florin)				
Receivables	9,315,240	-	9,560,076	-
Provision for impairment	(5,848,213)	-	(5,692,824)	-
	3,467,027	-	3,867,252	-
Loans				
	Dec. 31, 2024 current	Dec. 31, 2024 non-current	Dec. 31, 2023 current	Dec. 31, 2023 non-current
(in Aruban florin)				
Loans	28,373,667	178,466,166	30,197,205	177,035,185
Provision for impairment	(1,646,812)	(4,120,800)	(1,632,086)	(4,825,188)
	26,726,855	174,345,366	28,565,119	172,209,997
	30,193,882	174,345,366	32,432,371	172,209,997

Loans and receivables are further specified as follows:

Loans and receivables - gross	Note#	Dec. 31, 2024	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2023
(In Aruban florin)		current	non-current	current	non-current
Receivable Land Aruba	4.1.1.1	866,484	-	846,960	-
Net other debtors	4.1.1.1	2,308,840	-	2,106,436	-
Net rental property receivable	4.1.1.2	4,040,412	-	3,915,031	-
Other receivables		2,099,504	-	2,691,649	-
Total receivables		9,315,240	-	9,560,076	-
Mortgage loans and purchase loans not covered by mortgage deeds	4.1.1.3	28,155,125	177,929,857	29,958,639	176,437,577
Personal loans employees		218,542	536,309	238,566	597,608
Total loans		28,373,667	178,466,166	30,197,205	177,035,185
Total loans and receivables - gross		37,688,907	178,466,166	39,757,281	177,035,185
Provisions for impairments	Note#	Dec. 31, 2024	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2023
(in Aruban florin)		current	non-current	current	non-current
Net other debtors	4.1.1.1	1,976,947	-	1,929,168	-
Net rental property receivable	4.1.1.2	3,871,266	-	3,763,656	-
Total provision for impairments - receivables		5,848,213	-	5,692,824	-
Mortgage loans and purchase loans not covered by mortgage deeds	4.1.1.3	1,646,812	4,120,800	1,632,086	4,825,188
Total provision for impairments - loans		1,646,812	4,120,800	1,632,086	4,825,188
Total impairment for loans and receivables		7,495,025	4,120,800	7,324,910	4,825,188

4.1.1.1. Net Other Debtors

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
Neither past due nor impaired	331,893	177,268
Individually impaired	1,976,947	1,929,168
Other debtors	2,308,840	2,106,436
Less: Allowance for doubtful accounts other debtors	(1,976,947)	(1,929,168)
	331,893	177,268

The movement schedule for the allowance for doubtful accounts other debtors is as follows:

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
Allowance per January 1st	(1,929,168)	(8,996,798)
Addition to the allowance	(38,880)	(243,943)
Release of the allowance in favour of the net result	26,167	29,437
Write-off of doubtful debtors	(35,066)	7,282,136
Allowance as per December 31st	(1,976,947)	(1,929,168)

The category 'individually impaired' is specified as follows:

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
< 1 month	762,315	784,800
1 - 3 months	107,107	414,087
3 - 6 months	372,320	77,429
6 - 12 months	94,404	234,206
> 12 months	972,694	595,914
Total	2,308,840	2,106,436

4.1.1.2. Net Rental Property Receivables

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
Neither past due nor impaired	169,146	151,375
Individually impaired	3,871,266	3,763,656
Rental property receivables	4,040,412	3,915,031
Less: Allowance for rental property receivables	(3,871,266)	(3,763,656)
	169,146	151,375

The movement schedule for the allowance for doubtful accounts rental debtors is as follows:

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
Allowance per January 1st	(3,763,656)	(7,312,548)
Addition to the allowance	(229,081)	(112,314)
Release of the allowance in favor of the net result	121,478	1,123,899
Write-off of doubtful debtors	(7)	2,537,307
Allowance as per December 31st	(3,871,266)	(3,763,656)

The expected credit loss for the rental debtors has been determined using the simplified approach. Management estimates the probability of receiving the outstanding amounts unlikely, even though it continues to take action to collect them.

The category 'individually impaired' is specified as follows:

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
< 1 month	11,177	122,505
1 - 3 months	149,815	203,976
3 - 6 months	370,407	152,972
6 - 12 months	756,103	446,250
> 12 months	2,752,910	2,989,328
Total	4,040,412	3,915,031

4.1.1.3. Mortgage Loans

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
Construction mortgage loans	74,357,308	80,659,657
Purchase mortgage loans	76,017,755	70,754,703
Mortgage loans related to sale of Land Aruba houses	973,780	1,339,314
Other mortgage loans	51,471,578	49,744,382
	202,820,421	202,498,056
Unsecured Purchase loans	3,264,561	3,898,160
	206,084,982	206,396,216
Less: Allowances for expected credit losses	(5,767,612)	(6,457,274)
	200,317,370	199,938,942

The Foundation use DCF to calculate the present value of the principal and interest payments on the remaining term of prime loans discounted at 5.2%: Afl. 168,041,789, non-default subprime loans discounted at 6.4%: Afl. 55,846,533, and loans in default for 90 days or more at the execution value less cost-to-sell discounted at 6.4%: Afl. 16,266,697. Fair value: Afl. 240,155,019.

The Foundation mortgage loans are secured with a mortgage deeds (which covers the nominal value of the respective loan plus a 40 percent increment for interest and collection cost). The mortgage deeds secure the Foundation as first beneficiary at executing its mortgage rights at foreclosure.

In the outstanding balance of the purchase loans, an amount of Afl. 3,264,561 (December 31, 2023: Afl. 3,898,160), with an average annual interest rate of 8.4% and an average maturity period of 21 years, are unsecured. These 88 loans (December 31, 2023: 98) represents the purchase of a house from the Foundation and the Government of Aruba, where no mortgage rights could have been vested due to the omissions of the title register certificates and the respective ministerial decisions, as per balance sheet date.

In the balance of other mortgage loans, four loans to key management members of the Foundation for the amount of Afl. 775,807.12 as per December 31, 2024 (2023: Afl. 822,274). The average annual interest rate on these loans is 5.00 %. The fair value of these loans is similar to the carrying amount.

Collateral

The Foundation employs a range of policies and practices to mitigate credit risk. The most common of these is the vesting of mortgage rights as collateral.

The collateral policies remained in principle unchanged for the reporting period and maintained the overall quality of collateral held by the Foundation.

The Foundation closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Foundation will take possession of collateral to mitigate potential credit losses.

As per December 31, 2024, an amount of Afl. 86,320,190 (December 31, 2023: Afl. 89,063,911) is pledged as collateral for the Credit Facility Agreement. Reference is made to note 4.1.5 for further explanation.

The movement schedule of the allowances for expected credit losses is as follows:

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
Provision as per January 1	(6,457,274)	(6,575,855)
Release / (Addition) on doubtful loans	689,662	118,581
Write-off of doubtful debtors	-	-
Provision as per December 31	(5,767,612)	(6,457,274)

Aging of mortgage loans in months as per ECL model:

		Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)			
Satisfactory	< 1 month	158,470,937	130,361,760
Special mention	1 - 3 months	37,178,665	65,364,088
Substandard	3 - 6 months	7,392,304	6,752,227
Doubtful	6 - 12 months	2,599,687	3,002,001
Loss	> 12 months	443,407	916,140
Total		206,085,000	206,396,216

4.1.2. Investments measured at amortized cost

	Dec. 31, 2024	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2023
(In Aruban florin)	current	non-current	current	non-current
Time deposits	-	-	-	-
Interest receivable and time deposits	175,862	-	188,864	-
Government bonds	3,670,000	1,442,000	1,125,000	5,112,000
Total Investments measured at amortized cost	3,845,862	1,442,000	1,313,864	5,112,000
Provision for impairment	(3,788)	(1,488)	(2,297)	(10,583)
	3,842,074	1,440,512	1,311,567	5,101,417

Investments in time deposits and government bonds are included in non-current assets, except those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets. The investments regard level 3 investments. The fair value of investments approximates cost is Afl.5,413,708.

Investments in time deposits and government bonds can be further specified as follows:

	Interest p/yr	Maturity date	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)				
Current investments				
Government Bonds	4.50%	September 2024		1,125,000
Government Bonds	6.00%	June 2025	3,670,000	
			3,670,000	1,125,000
Noncurrent investments				
Government Bonds	6.00%	June 2025	-	3,670,000
Government Bonds	5.90%	May 2030	1,442,000	1,442,000
			1,442,000	5,112,000
			5,112,000	6,237,000

4.1.3. Cash And Cash Equivalents

Cash and cash equivalents comprise cash on hand, non-restricted current account with banks and demand deposits that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value.

4.1.4. Trade And Other Payables

		Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		current	current
Accounts payable		2,479,274	2,506,933
Payroll and other statutory liabilities	4.1.4.1	4,447,621	4,209,729
Other payables and accrued expenses	4.1.4.2	8,917,990	9,122,067
Total Trade and other payables		15,844,885	15,838,729

Trade and other payables are unsecured. Trade payables are usually paid within 30 days of recognition. Due to their short-term nature, the carrying amounts of Trade and other payables are considered the same as their fair values.

4.1.4.1. Payroll And Other Statutory Liabilities

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		current
Employees' savings plan	2,939,534	2,706,862
Other payroll and statutory liabilities	1,508,087	1,502,867
Total payroll and other statutory liabilities	4,447,621	4,209,729

Employees' savings plan

The Foundation personnel can participate exclusively by salary withholding in a savings plan that pays 8% interest per year, except for the management board. The key-management's portion of the total amount is Afl. 596,777 as per December 31, 2024 (2023: Afl. 402,326).

4.1.4.2. Other Payables And Accrued Expenses

	Dec. 31, 2024	Dec. 31, 2023
(in Aruban florin)	current	current
Payable 'settlement FCCA/Land Aruba'	1,693,330	1,693,330
Land lease and ground payable	1,801,378	1,847,053
Interest payable on loans Intercreditor Agreement - Vida Nova	1,266,001	1,187,500
Accrued expenses related to finished construction projects	919,455	1,011,740
Mortgage loans prepayments	94,753	423,140
Audit and other payables	638,175	598,424
Other accrued liabilities	2,504,898	2,360,880
Total other payables and accrued expenses	8,917,990	9,122,067

4.1.4.3 Lease liabilities

	Dec. 31, 2024	Dec. 31, 2023
(in Aruban florin)		
As per 1 January	6,442,405	5,909,989
Adjustment prior year	-	23,610
Additions	105,820	431,533
Disposals	-	(7,504)
Accretion of interest	301,752	296,107
Payment	(318,496)	(211,330)
As per 31 December	6,531,481	6,442,405

4.1.5. Borrowings

	Dec. 31, 2024	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2023
(In Aruban florin)	current	non-current	current	non-current
Loans Land Aruba	200,000	800,000	200,000	1,000,000
Consortium Intercreditor Agreement - Vida Nova Bank N.V.	2,134,794	66,919,796	2,195,410	69,054,590
Success and commission fee Intercreditor Agreement - Vida Nova Bank N.V.	(45,848)	(305,656)	(45,848)	(351,505)
Total borrowings	2,288,946	67,414,140	2,349,562	69,703,085

The following table gives an overview of the loan conditions and repayment schedules as well as the original and carrying values:

	Year of closing	Annual nominal interest rate	Annual repayment (Afl.)		Year of repayment
Loan Land Aruba	2009	2.50%	200,000	*	2029
Loan Intercreditor Agreement - Vida Nova	2017	5.00%	2,195,410	**	2020-2023
Loan Intercreditor Agreement - Vida Nova	2024	5.50%	2,134,794	***	2024-2039

* Repayment amount is Afl. 200,000, starting on September 16, 2020.

** Nominal interest rate is 5%. The loan was granted on August 27, 2017. Repayment began in the third year.

***Restructured interest rate is 5.5% as at March 2024.

	Dec. 31, 2024		Dec. 31, 2023	
(In Aruban florin)	Original amount	Carrying amount	Original amount	Carrying amount
Loan Land Aruba	2,000,000	1,000,000	2,000,000	1,200,000
	2,000,000	1,000,000	2,000,000	1,200,000
Loan Intercreditor Agreement -Vida Nova	94,666,667	69,054,590	94,666,667	71,250,000
	96,666,667	70,054,590	96,666,667	72,450,000

The contractual redemption of loans can be specified as follows:

	Year of closing	Total	Less than 1 year	1-5 years	More than 5 years
Loan Land Aruba	2009	1,000,000	200,000	800,000	-
Loan Intercreditor Agreement -Vida Nova	2019	69,054,590	2,134,794	9,797,693	57,122,103
		70,054,590	2,334,794	10,597,693	57,322,103

4.1.5.1. Loan Intercreditor Agreement, 2017, Afl. 95,000,000

An Inter-creditor loan agreement was signed on August 28, 2017. As described in the Afl. 95,000,000 term loan facility agreement, the loan agreement was made between the Foundation (as the Borrower) and several financial institutions (as the Lenders) with Vidanova Bank N.V. acting as the Administrative and Security Agent (Agent).

The total amount of the consortium loan is Afl. 95,000,000, with a nominal interest rate of 5%. A term of 15 years.

In August 2022, FCCA initiated the negotiation of the Intercreditor Agreement, as per March 1, 2024 the existing loan was restructured. The remaining term of the loan is extended to 15 years with a bullet payment of Afl. 26,206,201 at the end of 15th year. The interest rate has increased to 5.5% for five years. The loan has been converted from a linear repayment method to an annuity repayment method with semi-annual annuity payments of Afl. 2,951,921.

The consortium loans are secured by:

- Assigned accounts receivables at all times for a total amount such that the coverage value of the assigned accounts receivable is equal to 125% of the total outstanding amount under the loan agreement on a pari passu pro-rata basis with all lenders under the loan agreement, also complying with the following standards:
 - The encumbered mortgage loan portfolio shall consist of mortgage loans that are not delinquent;
 - Any mortgage loan as part of the encumbered mortgage loan portfolio that becomes a delinquent mortgage loan shall be replaced by the Foundation with a non-delinquent mortgage loan out of its mortgage loan portfolio;
 - Any mortgage loan as part of the encumbered mortgage loan portfolio that matures or is repaid shall the Foundation replace that mortgage loan with a new non-delinquent mortgage loan out of the mortgage loan portfolio.
- General undisclosed pledge of money and claims, present and future other than the pledge under the prior item a. to restore minimum coverage value under the previous item a. if this minimum coverage value is not met.

For existing financial covenants that should be met, reference is made to note 3.

4.1.5.2. Fair Value

The fair value of the borrowings is estimated at Afl. 69,703,086 (2023: Afl. 72,052,647). This fair value of borrowings is based on discounted cash flows using a current borrowing rate of 5,5%. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including their own credit risk.

4.1.5.3. Risk Exposures

Details of the Foundation's exposure to risks arising from current and non-current borrowings are set out in note 2.

4.2. Non-Financial Assets And Liabilities

This note provides information about the Foundation's non-financial assets and liabilities, including:

- Specific details on each type of non-financial assets and liabilities, including:
 - Investment properties;
 - Tangible fixed assets;
 - Employee benefit obligations.
- Accounting policies; and
- Information about determining the fair value of the assets and liabilities, including judgments and estimation uncertainty involved.

4.2.1. Investment Properties

	Dec. 31, 2024	Dec. 31, 2023
(In Aruban florin)		
Investment properties	133,463,588	135,223,253
Right-of-use leasehold lands	5,124,011	5,161,154
	138,587,599	140,384,407

Investment Property

	Commercial rental properties	Residential rental properties	Projects in progress and land	Total
(In Aruban florin)				
Cost:				
Cost as per December 31, 2022	16,169,448	152,485,693	22,572,203	191,227,344
Investments	-	-	2,882,730	2,882,730
Adjustments	-	(146,250)	-	(146,250)
Transfer to assets	-	-	-	-
Transfer of assets	467,636	-	-	467,636
Completed projects	825,276	4,382,749	(5,208,025)	-
Disposal and sale of assets	-	(19,841)	-	(19,841)
Cost as per December 31, 2023	17,462,360	156,702,351	20,246,908	194,411,619
Accumulated depreciation				
Acc. depreciation as per December 31, 2022	(6,134,015)	(48,259,781)	-	(54,393,796)
Depreciation	(425,594)	(4,376,231)	-	(4,801,825)
Acc. depreciation on disposal	-	7,255	-	7,255
Acc. depreciation as per December 31, 2023	(6,559,609)	(52,628,757)	-	(59,188,366)
Carrying value as per December 31, 2023	10,902,751	104,073,594	20,246,908	135,223,253
	Commercial rental properties	Residential rental properties	Projects in progress and land	Total
(In Aruban florin)				
Cost:				
Cost as per December 31, 2023	17,462,360	156,702,350	20,246,910	194,411,620
Investments	44,540	-	3,506,251	3,550,791
Transfer to assets	34,477	-	-	34,477
Transfer of assets	840,949	-	(840,949)	-
Completed projects	-	8,330,673	(8,330,673)	-
Disposal	(234,052)	(210,924)	(85,138)	(530,114)
Cost as per December 31, 2024	18,148,274	164,822,099	14,496,401	197,466,774
Accumulated depreciation				
Acc. depreciation as per December 31, 2023	(6,559,610)	(52,628,756)	-	(59,188,366)
Depreciation	(455,792)	(4,395,324)	-	(4,851,116)
Acc. depreciation on disposal	4,876	31,421	-	36,297
Acc. depreciation as per December 31, 2024	(7,010,526)	(56,992,659)	-	(64,003,185)
Carrying value per December 31, 2024	11,137,748	107,829,440	14,496,401	133,463,589

Right-Of-Use Assets

	Dec. 31, 2024	Dec. 31, 2023
(in Aruban florin)		
As per 1 January	5,161,154	5,440,852
Adjustment prior year	399	(420,713)
Additions	68,025	252,290
Disposals	-	(7,504)
Depreciation	(105,567)	(103,771)
As per 31 December	5,124,011	5,161,154

Investment properties consist of land and buildings in Aruba and Bonaire. Land is not depreciated; however, on the buildings, a remaining useful life, which ranges from 15 to 50 years depending on the property, is considered from the date of acquisition.

The fair value of the commercial property in Aruba, based on appraisals amounts to Afl. 26,686,208. Additionally, the Foundation has some individual long-lease land available for construction.

Rental Property

Rental property in exploitation can be specified into houses acquired at auctions, commercial rental houses, social houses, model houses, customized houses, combination houses, repurchased houses, office buildings, parking lots and finished projects.

Not all the legal rights have been transferred to the Foundation due to the omissions of the respective registry certificates and ministerial decisions caused by delays at the concerned government departments.

The buildings at Cura Cabai, and a few houses at Seroe Patrishi, Paradera, Avicenastraat, Tanki Leendert and Isaac Wagemakerstraat are built on property land.

Based on internal valuation, the value of the rental property approximates a total amount of Afl. 207 million (2023: Afl. 174 million). The value of the rental property is based on the income approach.

Projects In Progress And Land

Construction projects in progress amount to Afl. 7,171,353 as per December 2024(December 31, 2023: Afl. 13,891,799). These projects include major renovations for several residential houses and the purchase of the ex OM building which will be renovated and reconstructed in 2025 into student apartments.

Land refers to property land at Cura Cabai, Maria Maai, Shaba, Canashito, Rooi Bosal, Weg Seroe Preto, Weg Fontein, Savaneta, Weg Rooi Hundo, Tanki Leendert and Alto Vista for a total amount of Afl. 7,325,048 (December 31, 2023: Afl. 6,355,111).

The offices of the Foundation and one branch are on lease land, except for short-term leases and leases of low-value underlying assets. Each lease is reflected in the Statement of Financial Position as a right-of-use asset and a lease liability.

4.2.2. Tangible Fixed Assets

	Dec. 31, 2024	Dec. 31, 2023
(in Aruban florin)		
Tangible fixed assets for own use	3,135,104	3,578,610
Right-of-use assets for own use	358,360	399,801
	3,493,464	3,978,411

4.2.2.1. Tangible Fixed Assets For Own Use

	Office building and building improvements	Community center facilities	Furniture equipment & computer equipment	Vehicles	Total
(in Aruban florin)					
Cost:					
Cost as per December 31, 2022	5,783,330	2,810,142	7,522,111	1,697,511	17,813,094
Investments	24,413	-	394,775	93,000	512,188
Transfer of assets	(568,664)	-	-	-	(568,664)
Disposal	-	-	(535,178)	(578,173)	(1,113,351)
Cost as per December 31, 2023	5,239,079	2,810,142	7,381,708	1,212,338	16,643,267
Accumulated depreciation:					
Acc. depreciation as per December 31, 2022	(4,157,494)	(1,256,593)	(6,760,922)	(1,270,899)	(13,445,908)
Depreciation	(144,765)	(144,143)	(360,720)	(138,407)	(788,035)
Acc. Depreciation on transfer of assets	101,028	-	-	-	101,028
Acc. depreciation on disposal of assets	-	-	531,031	537,227	1,068,258
Acc. depreciation as per December 31, 2023	(4,201,231)	(1,400,736)	(6,590,611)	(872,079)	(13,064,657)
Carrying value as per December 31, 2023	1,037,848	1,409,406	791,097	340,259	3,578,610
	Office building and building improvements	Community center facilities	Furniture equipment & computer equipment	Vehicles	Total
(in Aruban florin)					
Cost:					
Cost as per December 31, 2023	5,239,079	2,810,142	7,381,708	1,212,338	16,643,267
Investments	88,618	-	256,646	-	345,264
Transfer of assets	-	-	-	-	-
Disposal	(34,477)	-	(5,737)	-	(40,214)
Cost as per December 31, 2024	5,293,220	2,810,142	7,632,617	1,212,338	16,948,317
Accumulated depreciation:					
Acc. depreciation as per December 31, 2023	(4,201,231)	(1,400,736)	(6,590,611)	(872,079)	(13,064,657)
Depreciation	(121,282)	(144,143)	(359,666)	(128,310)	(753,401)
Acc. Depreciation on transfer of assets	-	-	-	-	-
Acc. depreciation on disposal	-	-	4,845	-	4,845
Acc. depreciation as per December 31, 2024	(4,322,513)	(1,544,879)	(6,945,432)	(1,000,389)	(13,813,213)
Carrying value per December 31, 2024	970,707	1,265,263	687,185	211,949	3,135,104

Management did not identify any indications that would require the impairment of these assets.

4.3. Capital

Retained Earnings

The retained earnings include a total amount of Afl. 65,826,155 (2023: Afl. 65,826,155) of grants from the Government of Aruba for construction purposes in the past. Grants from the sale of social houses are recognized at the date of the loan agreement if financed or at the transaction date.

The amount of Afl. 65,826,155 can be specified as follows:

	Self - construction projects	Office building	Housing complex Madiki	Social housing	Transferred houses	Total
(in Aruban florin)						
Balance per December 31, 2022	29,750,000	418,684	2,500,000	29,155,212	4,002,259	65,826,155
Received grants	-	-	-	-	-	-
Balance per December 31, 2023	29,750,000	418,684	2,500,000	29,155,212	4,002,259	65,826,155
Received grants	-	-	-	-	-	-
Balance per December 31, 2024	29,750,000	418,684	2,500,000	29,155,212	4,002,259	65,826,155

5. Notes To The Statement Of Profit Or Loss And Other Comprehensive Income

5.1. Revenues From Financial Activities

	Note#	2024	2023
(In Aruban florin)			
Interest and similar revenues	5.1.1	16,905,500	17,354,300
Commission income		275,950	350,671
		17,181,450	17,704,971

5.1.1. Interest And Similar Revenues

	2024	2023
(In Aruban florin)		
Interest from (mortgage) loans	16,146,162	16,380,789
Interest from bank deposits and bank balances	362,398	433,041
Interest earned during construction of houses	322,325	449,650
Interest earned on personal loans employees	74,615	90,820
	16,905,500	17,354,300

The Foundation's financial assets, categorized as mortgage loans interest income, are a part of the ECL model calculations.

5.2. Revenues From Real Estate Activities

	2024	2023
(In Aruban florin)		
Rental revenue	16,689,428	16,088,817
	16,689,428	16,088,817

The Foundation's rental houses inventory amounts to 1.823 rental houses/buildings as per December 31, 2024 (1,775 as per December 31, 2023).

Future minimum rentals receivable:

	2024	2023
(In Aruban florin)		
Within 1 year	16,859,819	16,945,743
After 1 year, but not more than 2 years	17,073,538	17,187,255
After 2 years, but not more than 3 years	18,309,197	17,248,798
After 3 years, but not more than 4 years	19,063,146	17,310,372
After 4 years, but not more than 5 years	19,817,096	17,371,977
More than 5 years	451,498,133	355,650,201
	542,620,929	441,714,346

5.3. Other Income

	2024	2023
(In Aruban florin)		
Profit from sale of assets	322,071	(23,659)
Insurance brokerage commission	736,771	832,617
Other net income	157,151	349,165
	1,215,993	1,158,123

5.4. Personnel Expenses

	2024	2023
(In Aruban florin)		
Salaries and allowances	9,632,697	10,362,398
Pension contribution	787,234	751,179
Social premiums	1,714,524	1,762,457
Other personnel expenses	603,221	663,333
	12,737,676	13,539,367
Less: Capitalized personnel expenditures	(130,785)	(264,523)
Less: Invoiced sick leave days at SVB	(13,668)	(71,248)
	12,593,223	13,203,596

Personnel expenses allocated to construction projects (assets) are capitalized and maintenance work carried out for the tenants are invoiced.

Compensation of key management is included in the personnel expenses. For further details, reference is made to note 6.1 "Related parties" and note 6.4 "Contingent assets and contingent liabilities".

At the end of 2024, the Foundation has 90 employees (at the end of 2023: 98).

The employees' pension plan is a defined contribution plan at an insurance company, which contract expires per December 31, 2025. The accumulated capital at pension age is converted into a pension. Annually, a premium becomes available for retirement spending and coverage in case of risk of early demise. The premium amount depends on the participant's salary and age. The participant contributes 5% of their annual salary, and the Foundation contributes the remainder.

The Foundation's contribution to the collective pension plan starts at 5% in the age group of 18-40 years to a maximum of 17% based on age category.

5.5. General Expenses

	2024	2023
(In Aruban florin)		
Operating expenses	919,958	922,865
Audit, legal and consulting expenses	1,149,795	1,087,642
Communication expenses	214,993	239,967
Transportation expenses	161,074	203,704
Collection expenses	306,745	150,565
Representation and promotion expenses	145,008	152,505
Turnover taxes	170,169	174,194
Expenses related to granting of mortgage loans	235,922	340,263
Write-off payables previous years	(692,404)	(134,042)
Other general expenses	899,270	669,708
	3,510,530	3,807,371

Compensation of supervisory board members is included in other general expenses. For further details, reference is made to note 6.1, "Related parties".

5.6. Property Expenses

	2024	2023
(In Aruban florin)		
Expenses for rental property owned by the Foundation	2,500,052	2,453,782
Expenses for construction projects in progress	107,124	251,647
Expenses for investment properties	408,242	408,242
	3,015,418	3,113,671

5.7. Depreciation

	2024	2023
(In Aruban florin)		
Depreciation on Fixed Assets for own use	753,404	788,035
Depreciation on Investment Properties	4,851,116	4,801,825
Depreciation on Right-of-use assets	184,829	168,477
	5,789,349	5,758,337

5.8. Finance Costs

	Note#	2024	2023
(In Aruban florin)			
Interest costs	5.8.1	3,815,261	3,760,760
Closing and finance costs	5.8.2	472,599	481,465
		4,287,860	4,242,225

6. Other Notes To The Financial Statements 2024

6.1. Related Parties

The Foundation has identified the following related parties:

- Government of Aruba;
- Key management, consisting of the Board of Supervisory Directors, the Board of Managing Directors, and the Division heads.

Government Of Aruba

The Foundation is not owned or controlled by the Government of Aruba, but the Minister appoints two of the five members to the Board of Supervisory Directors.

The Foundation informs the Minister in writing of resolutions it has adopted concerning:

- the adoption of public housing standards;
- the location of the housing projects to be developed;
- the programming of urban development;
- the standardization of housing allocation;
- the preparation of longer time schedules for the building program;
- the development of building programs that require infrastructural works; and
- any adjustment of the Foundation's Bylaws.

The Foundation has transactions with the Government of Aruba. Up to December 2016, the Foundation has managed and maintained the social houses of the Government of Aruba; as a result of the Settlement Agreement of December 2016, these social houses have been transferred and is become the property of the Foundation.

The foundation managed the rent subsidy (subject subsidy) policy for the Government of Aruba. The subject subsidy to entitled to the tenants are directly transferred to the foundation for practical and efficiency reasons. Additionally, the Foundation depends on the Government of Aruba for the long lease land for construction of social housing projects, including the cost of infrastructure for the concerning projects.

For the nature of the transactions and balance amounts and the relationship between the Foundation and the Government of Aruba, reference is made to the following notes:

- Note 4.1.1.1 "Receivable with Land Aruba"
- Note 4.3 "Retained Earnings"
- Note 5.8 "Interest and Similar Expenses"

The transactions between the Foundation and this related party during the year were made in the ordinary course of business and within the framework of implementing the housing policy of the Government of Aruba.

Key Management

The compensation of key management during the year 2024 can be specified as follows:

	2024	2023
Short-term employee benefits	3,312,844	2,658,410
Post-employment benefits	389,171	350,594
	3,702,015	3,009,004

Reference is also made to note 5.6 "General expenses" and note 6.4 "Contingent assets and contingent liabilities".

6.2. Irrevocable Facilities And Commitments

As per December 31, 2024, the Foundation has approximately Afl. 2.5 million (December 31, 2023: Afl. 2.5 million) of approved mortgage loan facilities that the borrowers still need to draw.

As per December 31, 2024, the Foundation has approximately Afl. 0.5 million (December 31, 2023: Afl. 1.0 million) outstanding of committed liabilities based on signed construction agreements.

6.3. Subsequent Events

There are no subsequent events that have a significant impact in the financial statements.

6.4. Contingent Assets And Contingent Liabilities

Lease Land Commitments

Reference is made to note 4.2 "Non-financial assets and liabilities", for details.

The Foundation has long lease land in Bonaire; the lease expires in 2050. The future commitments concerning the long lease are:

- Less than 1 year: Afl. 4,949
- 1 – 5 years: Afl. 19,795
- More than 5 years: Afl. 103,921

The Foundation has Tangible fixed assets, Investment properties built on long- lease land and long- lease land available for construction projects in Aruba.

The future commitments concerning the long lease are:

- Less than 1 year: Afl. 327,370
- 1 – 5 years: Afl. 1,308,855
- More than 5 years: Afl. 14,024,302

Legal Claims

As of November 3, 2022, the foundation acquired at foreclosure an apartment complex, Boegoeroei 11Z and applied to the rental clause that guaranteed that no lease agreements would apply to the purchased apartment complex.

Kibaima Real Estate & Hotel Management N.V. and PLZ Horeca V.B.A. ("Claimants") initiated a legal (summary) proceeding against FCCA at the Court in First Instance of Aruba, claiming that lease agreements remained valid and in place after the purchase of the apartment complex at auction. Next to the legal proceeding, the Claimants also requested an order measure to withhold the foundation from eviction measures before a verdict was rendered in the summary proceedings.

On February 1, 2023, the Court rejected the request for an order measure and dismissed all claims against the foundation in the summary proceedings, and the Claimants vacated the apartment complex. In September 2023, the Claimants initiated legal proceedings against the foundation at the Court in First Instance of Aruba, demanding FCCA to honor the lease agreements of the Claimants, and /or to order the foundation to pay for the damages and losses suffered by Kibaima and PLZ as a consequence of the evacuation by the foundation, and/or to compensate Kibaima and PLZ for loss and profit.

The foundation has disputed all claims vigorously at the court of first instance of Aruba. The rendering of a verdict has been postponed several times. Most recently the rendering was scheduled for March 19, 2025 but was later postponed until June 18, 2025. At this stage the foundation considers the chances of all claims to be rejected by the Court of First Instance of Aruba.

Profit Tax

On January 4, 2021, FCCA received a letter from the DIMP Departamento di Impuesto, Aruban Tax Authorities (dated December 22, 2020) indicating that the existing tax ruling regarding profit tax exemption has been withdrawn and the details for this will be further substantiated. On February 11, 2021, FCCA, together with the Director and Inspector of DIMP, Aruban Tax Authorities, agreed the followings: a) Aruban Tax

Authorities will provide a sound legal basis for the withdrawal, FCCA may be eligible for a transitional restructuring of two to three years if the withdrawal is legally correct, c) Aruban Tax Authorities will inspect whether it is possible to disregard and split the general social interest activities. As per May 16, 2023, FCCA received the substantiation from the DIMP stating that activities aimed for a specific vulnerable group that serves the general social interest is exempted and all other activities are subject to profit taxes starting as per January 1, 2024. In a meeting on July 25, 2023, parties agreed verbally to arrange the exempted activities into a settlement agreement and a transitional period of three years, FCCA will be subject to profit tax for the non-exempted activities as per January 1, 2027.

INDEPENDENT AUDITOR'S REPORT

To: the Management and Supervisory Board of Stichting "Fundacion Cas pa Comunidad Arubano (F.C.C.A.)"

Opinion

We have audited the financial statements of Stichting "Fundacion Cas pa Comunidad Arubano (F.C.C.A.)" (the Foundation), which comprise the statement of financial position as at 31 December 2024, statement of changes in equity and the statement of comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Foundation's 2024 Annual Report

Other information consists of the information included in The Foundation's 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aruba, 15 May 2025
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For Ernst & Young

(Sgd.) Garrick de Cuba, MSc, RA
Partner