Chart of Accounts (CoA)

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K. Scholliers, Prudential Supervision Department

November 28, 2013
1. Introduction
2. General information about the new Chart of Accounts (CoA)
3. Comparison between the current Monthly Statement (MS) and the CoA
4. Timeframe
5. Questions?
Introduction

Reasons for the new CoA:

1. MS were introduced in 1986

2. New standards / requirements
   • State Ordinance on the Supervision of the Credit System (AB 1998, no. 16) (SOSCS) enacted in 1998
   • Monetary and Financial Statistics Manual (MFSM 2000) issued by the IMF
   • International Financial Reporting Standards (IFRS)
   • Basel II core principles / framework
   • Additional supervisory and monetary guidelines issued by the CBA
Main objectives of the new CoA
1. Alignment with IFRS
2. Application of IMF standards
3. Application of Basel II principles
4. Harmonization of the new reporting framework (CoA) with the Central Bank of Curaçao and Sint Maarten (CBCS)
5. Enhance the quality of the financial reporting
6. Applicable to the commercial banks, the offshore banks and the bank-like institutions
7. Web-based reporting (Reporting Delivery System (RDS))
The CoA manual consists of:
- CoA manual – Main document
- CoA manual – Attachments
- CoA reports and Examples document
- Tables 4.1 and 4.2 (references to IFRSs)

The CoA reports consist of:
- Balance Sheet
- Profit & Loss Account
- Contingent Liabilities
- Sub-reports I and II
- Supporting Schedules (SSs)
  => Prudential Supporting Schedules
  => Monetary Supporting Schedules
General info CoA (cont’d)

CoA manual – Main document
⇒ Provides conceptual guidelines for the preparation of the CoA reports.

CoA manual – Attachments
⇒ Provides information on and explanation of the SSs
⇒ Contains examples on completing certain SSs
⇒ Contains a listing of the CBA’s choices made under National Discretion
⇒ Provides other relevant information with respect to the application of Basel II
⇒ Provides examples of different CoA reports.

Examples document
⇒ Contains worked examples to illustrate the reporting of some of the CoA reports.

Tables 4.1 and 4.2 (references to IFRS)
⇒ Contain references to the applicable IFRSs for the classes, accounts and categories.
• The current MS comprises 16 appendices while the CoA comprises 45 SSs.

• CoA includes the sectorization of the Balance Sheet and the Profit & Loss Account. The CoA identifies the following sectors:

  • Central banks
  • Governments
  • Other depository corporations
  • Other financial corporations
  • Public nonfinancial corporations
  • Other nonfinancial corporations
  • Households
  • Other
The Balance Sheet includes:
- Class 1: Assets
- Class 2: Liabilities
- Class 3: Equity

The Profit & Loss Account includes:
- Class 4: Net interest income
- Class 5: Net fees and commissions
- Class 6: Operating profit
- Class 7: Minority interest and taxes

The Contingent Liabilities are included in class 8
The Sub-reports I and II include:

1. **Sub-report I: Breakdown Government Resident Accounts**
   
   => This report provides a breakdown of the government resident accounts contained in the submitted balance sheet. This information is for monetary purposes.

2. **Sub-report II: Mortgages**
   
   => This report provides a breakdown of the outstanding mortgages contained in the balance sheet item “Mortgages”. It constitutes four parts: (A) Mortgages for purchase of real estate, (B) Mortgages for construction loans, (C) Mortgages other loans and (D) Mortgages meeting certain qualification criteria, described in attachment E-1 “Residential mortgage loans (qualification criteria)”. The categories A, B and C serve monetary and prudential purposes while category D only serves prudential purposes.
The **Prudential SSs** comprise:

1. **SSs related to capital adequacy**
   - SS 1A Capital Adequacy Ratio (CAR);
   - SS 1B Capital
   - SS 1C Risk-Weighted Assets Standardized Credit Risk
   - SS 1D Risk-Weighted Assets Standardized Credit Risk Contingent Liabilities
   - SS 1E Risk-Weighted Assets Standardized Credit Risk Derivatives
   - SS 1F-1 Risk-Weighted Assets Basic Indicator Approach Operational Risk
   - SS 1F-2 Risk-Weighted Assets Standardized Approach Operational Risk
   - SS 1F-3 Risk-Weighted Assets Alternative Standardized Approach Operational Risk
   - SS 1G Market Risk Standard Method Summary
   - SS 1H-1 Market Risk Standard Method Interest Rate Risk - Specific risk
   - SS 1H-2 Market Risk Standard Method Interest Rate Risk - General Market risk
   - SS 1H-3 Market Risk Standard Method Interest Rate Risk - General Market risk (Summary)
   - SS 1I-1 Market Risk Standard Method Equity Position Risk (per national market)
The **Prudential SSs** comprise:

1. SSs related to **capital adequacy** (cont’d)
   - SS 1I-2 Market Risk Standard Method Equity Position Risk Summary
   - SS 1J Market Risk Standard Method Foreign Exchange Risk
   - SS 1K Market Risk Standard Method Commodities Risk Simplified approach
   - SS 1L Market Risk Standard Method Options Risk Simplified approach
   - SS-4 Due from / Due to Unconsolidated Affiliates
   - SS-6A Large Exposures
   - SS-6B Large and Other Exposures
The **Prudential SSs** compared to current appendices- capital adequacy related:

<table>
<thead>
<tr>
<th>CoA</th>
<th>Monthly Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS 1A: Capital Adequacy Ratio (CAR)</td>
<td>Appendix 7 Risk Weighted Solvency Test</td>
</tr>
<tr>
<td>SS 1B: Capital</td>
<td>Appendix 7 Risk Weighted Solvency Test</td>
</tr>
<tr>
<td>SS 1C: RWA- Standardized Credit Risk</td>
<td>Appendix 7 Risk Weighted Solvency Test</td>
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<tr>
<td>SS 1D: RWA- Standardized Credit Risk Contingent liabilities</td>
<td>Appendix 7 Risk Weighted Solvency Test</td>
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<tr>
<td>SS 1E: RWA- Standardized Credit Risk Derivatives</td>
<td>New!</td>
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<tr>
<td>SS 1F-1: RWA - Basic Indicator Approach Operational Risk</td>
<td>New!</td>
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<tr>
<td>SS 1F-2: RWA - Standardized Approach Operational Risk</td>
<td>New!</td>
</tr>
<tr>
<td>SS 1F-3: RWA - Alternative Standardized Approach Operational Risk</td>
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<td>SS 1G: Market Risk Standard Method Summary</td>
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<td>SS 1J: Market Risk Standard Method Foreign Exchange Risk</td>
<td>Somewhat like Appendix 16 Foreign Exchange Risk Exposure</td>
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<td>SS 1K: Market Risk Standard Method Commodities Risk Simplified Approach</td>
<td>New!</td>
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<td>SS 1L: Market Risk Standard Method Options Risk Simplified Approach</td>
<td>New!</td>
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<td>SS 4: Due from/due to unconsolidated affiliates</td>
<td>New!</td>
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<tr>
<td>SS 6A: Large Exposures</td>
<td>Appendix 3 Large Loans</td>
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<tr>
<td>SS 6B: Large and Other Exposures</td>
<td>New!</td>
</tr>
</tbody>
</table>
The Prudential SSs comprise:

2. SSs related to liquidity
   - SS 2A Liquidity Report
   - SS 2B Prudential Liquidity Ratio and Loan-to-deposit Ratio
   - SS 2C Pledged Assets
   - SS 9A Maturity Gap Analysis
   - SS 10 Large Depositors
   - SS 12 Gross to Net Balances
The **Prudential SSs** compared to current appendices- liquidity related:

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<td>SS 2A Liquidity Report</td>
<td>Appendix 8 Liquidity Sheet Testing</td>
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<td>SS 2B Prudential Liquidity Ratio and Loan-to-deposit Ratio</td>
<td>Appendix 8A Prudential Liquidity Ratio and Loan-to-deposit Ratio</td>
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<td>SS 2C Pledged Assets</td>
<td>Included in Appendix 7</td>
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<tr>
<td>SS 9A Maturity Gap Analysis</td>
<td>Appendix 6 Maturity Gap Analysis</td>
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The **Prudential SSs** comprise:

3. **Other SSs**
   - SS 3 Claims and liabilities with other Depository Corporations and Financial Institutions
   - SS 4 Due from/due to unconsolidated affiliates
   - SS 5A Breakdown of loans granted by collateral type
   - SS 5B Credit extension to principal shareholders, supervisory directors, executive officers and employees
   - SS 6A Large exposures
   - SS 6B Large and other exposures
   - SS 7A Non-performing loans: current account overdraft
   - SS 7B Delinquent and other non-performing loans
   - SS 8 Allocated Loans loss provisions
   - SS 9B Interest Rate Repricing
   - SS 11 Country Risk Exposure
The **Prudential SSs** compared to current appendices - Other:

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<tr>
<td>SS 3 Claims and liabilities with other depository corporations and financial institutions</td>
<td>Appendix 1 Claims and liabilities with other banks and financial institutions</td>
</tr>
<tr>
<td>SS 4 Due from/due to unconsolidated affiliates</td>
<td>New!</td>
</tr>
<tr>
<td>SS 5A Breakdown of loans granted by collateral type</td>
<td>Appendix 2 Breakdown of loans granted by collateral type</td>
</tr>
<tr>
<td>SS 5B Credit extension to principal shareholders, supervisory directors, executive officers and employees</td>
<td>Included in Appendix 2</td>
</tr>
<tr>
<td>SS 6A Large Exposures</td>
<td>Appendix 3 Large Loans</td>
</tr>
<tr>
<td>SS 6B Large and Other Exposures</td>
<td>New!</td>
</tr>
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<td>SS 7A Non-performing loans: current account overdraft</td>
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</tr>
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<td>SS 7B Delinquent and other non-performing loans</td>
<td>Appendix 12 Non-performing loans</td>
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<td>Appendix 13 Alcoated Loan Loss Provision</td>
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<tr>
<td>SS 9B Interest Rate Repricing</td>
<td>Appendix 15 Interest Rate Risk Exposure</td>
</tr>
<tr>
<td>SS 11 Country Risk Exposure</td>
<td>Appendix 14 Country Risk Exposure</td>
</tr>
</tbody>
</table>
The **Monetary SSs** comprise:

- SS 13 Reserve Requirements
- SS 14 Net Foreign Assets
- SS 15A New Domestic Loans and Acceptances
- SS 15B Domestic Loans and Acceptances
- SS 15C Foreign Loans and Acceptances
- SS 16 New Domestic Loans by Type and Acceptances
- SS 17 Credit Card loans, car loans and other loans
- SS 18 Maturity of Time deposits and financial liabilities
- SS 19 Savings Deposits
- SS 20 A Interest Rates on New Loans
- SS 20 B Interest Rates on New Deposits
The **Monetary SSs** compared to current appendices:

<table>
<thead>
<tr>
<th>SS 13</th>
<th>Reserve Requirement</th>
<th>New!</th>
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<tbody>
<tr>
<td>SS 14</td>
<td>Net Foreign Assets</td>
<td>New!</td>
</tr>
<tr>
<td>SS 15-A</td>
<td>New Domestic Loans and Acceptances</td>
<td>Appendix 11</td>
</tr>
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<td>SS 15-B</td>
<td>Domestic Loans and Acceptances</td>
<td>Appendix 11</td>
</tr>
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<td>SS 15-C</td>
<td>Foreign Loans and Acceptances</td>
<td>Appendix 11</td>
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<tr>
<td>SS 16</td>
<td>New Domestic Loans by Type and Acceptances</td>
<td>New!</td>
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<tr>
<td>SS 17</td>
<td>Credit Card Loans, Car Loans and Financial Liabilities</td>
<td>Somewhat like Appendix 9-A</td>
</tr>
<tr>
<td>SS 18</td>
<td>Maturity of Time Deposits and Financial Liabilities</td>
<td>Somewhat like Appendix 6</td>
</tr>
<tr>
<td>SS 19</td>
<td>Savings Deposits</td>
<td>Appendix 5</td>
</tr>
<tr>
<td>SS 20-A</td>
<td>Interest Rates on New Loans</td>
<td>Appendix 4-A</td>
</tr>
<tr>
<td>SS 20-B</td>
<td>Interest Rates on New Deposits</td>
<td>Appendix 4-B</td>
</tr>
</tbody>
</table>
Comparison MS and CoA

MS

Assets
- Cash and due from banks (sub-category 1, 2 and 3)
- Investments (sub-category 4)
- Loans Net (sub-category 5)
- Other assets (sub-category 6, 7, 8 and 9)

CoA

Class 1: Assets
- Cash and deposit balances
- Interbank funds-sold
- Investments
- Loans
- Customers’ liability on bankers’ acceptances
- Non-current assets held for sale and discont’d operations
- Property, plant and equipment
- Other assets
## Comparison MS and CoA

### MS

**Liabilities**
- Deposits (sub-category 10, 11 and 12)
- Borrowings (sub-category 13)
- Other liabilities (sub-category 14)

### CoA

**Class 2: Liabilities**
- Deposits
- Financial liabilities
- Derivatives
- Interbank funds-bought
- Bankers’ liability for acceptances outstanding
- Other liabilities
- Liability included in disposal groups classified as held for sale
- Subordinated debentures and limited life redeemable preference shares
Comparison MS and CoA

**MS**

**Capital**
- Shareholders’ equity (subcategory 15)
  - Paid-in capital
  - Statutory and general reserves
  - Retained earnings
  - Revaluation reserve
  - Balance of income and expenditure
- Subordinated debt (subcategory 16)

**CoA**

**Class: 3 Equity**
- Shareholders’ equity
  - Share capital
  - Share premium
  - Revaluation and regulatory reserves
  - Other reserves
  - Retained earnings
- Non-controlling interest
- (Portions of) subordinated debt that qualify may be included in Tier 2 capital for capital adequacy ratio calculation purposes
Comparison MS and CoA

MS-Appendix 10

Income & Expenditure Statement:
- Interest income
- Interest expenses
- Other operating income
- Other operating expenses
- Extraordinary income
- Extraordinary expenses
- Result subsidiaries
- Profit tax

CoA

Class 4: Net interest income
- Interest income
- Interest expenses

Class 5: Net fees & commissions
- Fees & commissions income
- Fees & commissions expenses

Class 6: Operating profit
- Dividend income on investments
- (Un)realized gains & losses
- Other income
- Personnel expenses
- Occupancy expenses
- Provision for/(recoveries from) loan losses
- Impairment
- Other operating expenses
Appendix 10

See previous slide

CoA

Class 7: Minority interest & taxes

• Non-controlling interest in profit/(loss) of consolidated subsidiaries
• Profit Tax

① No category exists for extra-ordinary income or expenses as these items are not segregated in a separate category under IFRS.
Comparison MS and CoA

Off-balance sheet items

Reported in MS below the Assets
- Guarantees & similar contingent liabilities:
  - Letters of credit
  - Guarantees issued
  - Other

Reported in MS below the Liabilities
- Commitments
  - Undisbursed loan funds
  - Other
- Uncalled capital
- Other

CoA

Class 8: Contingent liabilities
- Guarantees issued
- Risk participations
- Repo-style transactions
- Note issuance facilities & revolving underwriting facilities
- Commitments
- Pending litigation
- Performance related contingencies
- Other contingent liabilities
1. Information session for the banking sector on November 28, 2013

2. February 2014: workshops on specific CoA related topics, inter alia, Balance Sheet, Profit & Loss Account and SSs

3. March 2014: Comments of the sector must be submitted

4. July 2014: Final version of the CoA (including comments of the sector)

5. Date TBD: CoA is applicable for the financial reporting of the commercial banks, the offshore banks and the bank-like institutions
Questions ?
Thank you for your attention!