CENTRALE BANK VAN ARUBA

Chart of Accounts Manual

MAIN DOCUMENT

(September 2018)

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LIST OF ACRONYMS

AML	Anti-Money Laundering
ASA	Alternative Standardized Approach
ATM	Automated Teller Machine
Basel II	The International Convergence of Capital Measurement and Capital Standards
BIA	Basic Indicator Approach
BIS	Bank for International Settlements
CAR	Capital Adequacy Ratio
CBs	Central Banks
CBA	Centrale Bank van Aruba
CBCS	Centrale Bank van Curaçao en Sint Maarten
CCF	Credit Conversion Factor
CDs	Certificates of Deposits
CEA	Credit Equivalent Amount
CFT	Combating the Financing of Terrorism
CoA	Chart of Accounts
ECA	Export Credit Agency
ECAI	External Credit Assessment Institution
ECL	Expected Credit Loss
FRAs	Forward Rate Agreements
Fitch	Fitch Rating Services
GBT	Government Bonds and Treasury paper
GGs	General Guidelines of the CoA
GOVs	Governments
HFH	Held for Hedging
HFT	Held for Trading
HHs	Households
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ISIC code	The International Standard of Industrial Classification of all economic activities
LDGHFS	Liability included in Disposable Groups classified as Held For Sale

LTD	Loan-to-deposit
LTV	Loan-to-value
MDB	Multilateral Development Bank
MFSCG	Monetary and Financial Statistics Compilation Guide
MFSM	Monetary and Financial Statistics Manual
Moody's	Moody's Investor Services
NPIs	Nonprofit Institutions
NPISHs	Nonprofit Institutions Serving Households
NPLs	Non performing Loans
ODCs	Other Depository Corporations
OECD	Organization for Economic Cooperation and Development
OFCs	Other Financial Corporations
ONCs	Other Nonfinancial Corporations
OTC	Over-The-Counter
OTH	Other
PLR	Prudential Liquidity Ratio
PNCs	Public Nonfinancial Corporations
PSE	Public Sector Entity
Repos	Repurchase agreements
RR	Reserve Requirement
RUF	Revolving Underwriting Facility
RWA	Risk Weighted Assets
SA	Standardized Approach
SMEs	Small- and Medium-sized Enterprises
SOSCS	State Ordinance on the Supervision of the Credit System (AB 1998 no. 16)
SSs	Supporting Schedules
S&P	Standards & Poor's Corporation
TDs	Time Deposits
UCITS	Undertakings for Collective Investments in Transferable Securities

1 INTRODUCTION

The Chart of Accounts (CoA) is prepared pursuant to articles 30 and 31 of the State Ordinance on the Supervision of the Credit System (A.B. 1998 no. 16) (SOSCS) for reporting institutions[1].

The CoA consists of the Balance Sheet, the Profit and Loss Account, and the Contingent Liabilities and is accompanied by the Sub-reports and Supporting Schedules (individually or collectively referred to as "CoA reports"). It comprises a presentation of the accounting codes and corresponding descriptions for all classes, accounts, categories, items, and sub-items of assets and liabilities (the Balance Sheet), income and expense items (the Profit and Loss Account), and the contingent liabilities.

This manual replaces Parts I and II of the "Prudential Supervision Manual Credit Institutions". The Chart of Accounts (CoA) is based on the basic concepts and principles of, inter alia, the Monetary and Financial Statistics Compilation Guide (MFSCG), an accompaniment to the Monetary and Financial Statistics Manual (MFSM), both issued by the International Monetary Fund (IMF) in, respectively, 2008 and 2000, as well as the International Financial Reporting Standards (IFRS) and the International Convergence of Capital Measurement and Capital Standards (Basel II). Basel II comprises three "Pillars". Pillar 1 contains a number of options to calculate reporting institutions' minimum capital charge for credit, operational and market risk. Pillar 2 concerns the supervisory review process and Pillar 3 specifies measures designed to promote enhanced market discipline. With regard to Basel II, the CoA manual focuses on Pillar 1.

The main objectives of the CoA are to enhance the quality of the financial reporting of the reporting institutions in accordance with the indicated international standards. The purpose of the CoA manual is to provide conceptual guidelines to the reporting institutions for the preparation of the CoA reports. These CoA reports serve both prudential supervisory and monetary purposes.

The CoA manual comprises three documents: the CoA "Main document", the CoA "Attachments document" and the CoA "Reports and Examples document".

[1] Reporting institutions are defined in Chapter 8 "Definitions".

2 GENERAL GUIDELINES

2.1 Legal basis

The legal basis for the issuance of the CoA is grounded in articles 30 and 31 of the State Ordinance on the Supervision of the Credit System (AB 1998 no. 16) (SOSCS).

2.2 Scope and objective

1. The CoA applies to all reporting institutions (with the exception of credit unions). The term "reporting institutions" is defined in Chapter 8 "Definitions".
2. The CoA manual is primarily used for monetary and prudential supervisory purposes.

2.3 CoA reports

1. A reporting institution must periodically submit to the CBA the completed set of CoA reports (Balance Sheet, Profit and Loss Account, Contingent Liabilities, Sub-reports, and Supporting Schedules) in accordance with the reporting requirements set out in the CoA manual.
2. Upon login, the reporting institution's name is generated automatically in the headings of the CoA reports.
3. The CBA may require additional CoA reports, or may no longer require some or all of the CoA reports if the nature, complexity, and the size of the reporting institution's operations warrant this.

2.4 Submission of CoA reports

1. All CoA reports, with the exception of SS 21 Balance Sheet – Weekly Report, are due within 15 calendar days after the end of each reporting month.
2. SS 21 Balance Sheet – Weekly Report must be submitted to the CBA on a weekly basis, within 3 business days after the closing of the previous week.
3. All CoA reports must be completed. If there is no information to report on a specific report, the value of zero should be entered (in the first direct entry cell of the report). If this is not done, the specific report will not be included in the exported text file, and the reporting institution will not be able to digitally submit the full set of CoA reports to the CBA. All CoA reports must be submitted digitally to the CBA through the reporting institution's Reporting Delivery System (RDS).

2.5 Reporting basis

1. For CoA reporting purposes, the fiscal year begins on January 1 and ends on December 31. The Profit

and Loss Account is cumulative from January 1 through the month on which is reported. Reference is also made to paragraph 2.11 "Preliminary and final audited CoA" of this manual.

2. The CoA framework applies to all reporting institutions as defined in Chapter 8 and as explained in the above paragraphs 2.2 and 2.3, on a solo and/or consolidated basis.
3. Banking and other relevant financial activities, excluding insurance subsidiaries, conducted by the reporting institution through subsidiaries must be captured through consolidation. This is explained further in paragraph 2.7 "Accounting Treatment of Affiliates" of these general guidelines.

2.6 Applicable standards

Reporting institutions must comply with the applicable laws and regulations, with due regard to the IMF principles, IFRS, and Basel II.

2.6.1 Application of IMF principles

1. Based on the IMF principles, the CoA accounts should be reported on a gross basis (before deducting specific and general provisions for losses and applying impairments and compensation). No offsetting of debit and credit balances of a similar nature or in the name of one and the same counterparty is allowed. Only in the case the accrued interest on non-performing loans is treated as a balance sheet item, it must be offset against the corresponding provision.
2. The CoA identifies the following main sectors to which reporting institutions are exposed through their business (sector abbreviations used throughout the manual are also included below):
    a. Central Banks (CBs);
    b. Governments (GOVs);
    c. Other Depository Corporations (ODCs);
    d. Other Financial Corporations (OFCs);
    e. Public Nonfinancial Corporations (PNCs);
    f. Other Nonfinancial Corporations (ONCs);
    g. Households (HHs); and
    h. Other (OTH).
3. The terminology used originates from the IMF's MFSM and MFSCG. The classification of institutional units that form part of each sector is briefly discussed below. An institutional unit is an economic entity that is capable of owning assets, incurring liabilities, and engaging in the full range of economic transactions.
4. In this manual and according to the MFSM and MFSCG, depository corporations refer collectively to the central bank and other depository corporations.

Central Banks

5. The Central Bank is a subsector of the financial corporations sector that exercises control over key aspects of the financial system. It carries out such activities as issuing currency, regulating money supply and credit, managing international reserves, and providing credit to other depository corporations.
6. Central Banks include the following institutional units:
   a. Central Banks, which are mostly separately identifiable institutions that are subject to varying degrees of government control, engage in differing sets of activities, and are designated by various names (e.g. Central Bank, Reserve Bank, National Bank, or State Bank);
   b. Currency Boards or independent Currency Authorities who issue national currency that is fully backed by international reserves; and
   c. Government-affiliated Agencies that are separate institutional units and primarily perform central bank activities.

Governments

7. The government sector comprises central, state, and local governments, and social security funds. It includes government units that exercise legislative, judicial or executive authority over other institutional units within a specific area.
8. The government sector consists of:
   a. Departments;
   b. Branches;
   c. Agencies;
   d. Foundations;
   e. Institutes;
   f. Nonprofit Institutions (NPIs) controlled and mainly financed by the government; and
   g. Other publicly controlled organizations engaging in nonmarket activities.
9. Government control over an NPI is determined by the ability to influence the institution's general policies and programs of the NPI, to appoint its directors and/or managers, and to determine the amount of government financing. Governments have the authority to impose taxes, to borrow, to allocate goods and services to the community at large or to individuals, and to redistribute income.
10. Government units are involved in the production of goods and services that may be provided free of charge or sold at prices that are not economically significant.

11. Government owned, incorporated or unincorporated enterprises that,
    a. produce market output;
    b. are operated or managed as corporations;
    c. charge prices that are economically significant; and
    d. have complete sets of accounts,

    should be classified within the public nonfinancial corporations sector.

    Government enterprises that engage in market activities but cannot be treated as corporations or quasi-corporations are classified within the general government sector.

Other Depository Corporations

12. According to the MFSCG, the Other Depository Corporations (ODCs) sector is a subsector of the Financial Corporations Sector. ODCs consist of all financial corporations (except the Central Bank) and quasi corporations that are mainly engaged in financial intermediation and that issue liabilities included in the national definition of broad money. For CoA reporting purposes, ODCs only include the commercial banks.

Other Financial Corporations

13. For CoA reporting purposes, Other Financial Corporations (OFCs) consist of all financial corporations other than depository corporations. It includes, amongst other, the following institutional units:
    a. Merchant banks;
    b. Savings banks and mortgage banks;
    c. Rural and agricultural banks;
    d. Savings and loan associations;
    e. Credit unions and credit cooperatives;
    f. Travelers' check companies that mainly engage in financial corporation activities;
    g. Insurance corporations;
    h. Pension funds;
    i. Other financial intermediaries; and
    j. Financial auxiliaries.

Insurance corporations and pension funds

14. These subsectors include resident insurance corporations and quasi-corporations, and autonomous pension funds. Insurance corporations consist of incorporated mutual and other entities whose principal function is to provide life, accident, health, fire, or other forms of insurance to individual

institutional units or group of units. The pension funds are established for purposes of providing retirement benefits for a specific group of employees. They have their own assets and liabilities, and they engage in financial transactions on their own account. These funds are organized and directed by individual private or government employers, or jointly by individual employers and their employees. The employees and/or employers make regular contributions. They do not cover pension arrangements for the employees of private or government entities that do not maintain a separately organized fund, nor do they cover arrangements organized by nongovernment employers and for which the reserves of the fund are simply added to that employer's own reserves or invested in securities issued by that employer.

Other financial intermediaries

15. The subsector of other financial intermediaries covers a diverse group of units constituting all financial corporations other than depository corporations, insurance corporations, pension funds, and financial auxiliaries. These intermediaries generally raise funds by accepting long-term or specialized types of deposits and by issuing securities and equity. They often specialize in lending to particular types of borrowers and in using specialized leasing, securitized lending and financial derivative operations. Examples of other financial intermediaries are:

a) Finance companies primarily engaged in the extension of credit to nonfinancial corporations and households. Many finance companies are captive subsidiaries that raise funds to be used by the parent corporations. Captive finance companies that are separate institutional units and that do not issue liabilities included in broad money should be classified as other financial intermediaries. Finance companies that are not separate should be included as part of the parent corporations in the appropriate subsector.

b) Financial leasing companies are engaged in financing the purchase of tangible assets. The leasing company is the legal owner of the goods, but ownership is effectively conveyed to the lessee, who incurs all benefits, costs, and risks associated with ownership of the assets.

c) Investment pools are institutional units that are organized financial arrangements, excluding pension funds that consolidate investor funds for the purpose of acquiring financial assets. Examples are mutual funds, investment trusts, unit trusts, and other collective investment units. Investors usually purchase shares representing fixed proportions of the fund. The liquidity of investment pools can vary considerably. In many countries, investment pools are illiquid or have limited liquidity. In others, shares issued by investment pools are as (or nearly as) liquid as deposits and other liabilities issued by depository corporations. If the liabilities of liquid investment pools are included in broad money, they should be classified as ODCs.

d) Securities underwriters and dealers include individuals or firms that specialize in security market transactions by (i) assisting firms in issuing new securities through the underwriting and market placement of new security issues, and (ii) trading in new or outstanding securities on their own account. Only underwriters and dealers that act as financial intermediaries are classified in this category. Security brokers and other units that arrange trades between security buyers and sellers but do not purchase and hold securities on their own account are classified as financial auxiliaries.
e) Vehicle companies are financial entities created to be holders of securitized assets or assets that have been removed from the balance sheet of corporations or government units as part of the restructuring of these units. Many are organized as trusts or special purpose vehicles created solely to hold specific portfolios of assets or liabilities. For example, an intermediary such as a mortgage lender could sell a portfolio of assets to a specially organized vehicle company that repackages the portfolio and sells investment interests in the portfolio to institutional or other investors. While the portfolio is usually sold irrevocably to the vehicle company, the intermediary that created the vehicle company often receives fee income for its administrative role. However, the vehicle company is the legal owner of the asset portfolio and thus may operate as a financial intermediary. If the vehicle company in the previous example sells a new financial asset (which could be a debt security, equity shares, or partnership interests) that represents an interest in the portfolio, the company is acting as a financial intermediary and –as long as a full set of accounts is available for the company- it is deemed to be a separate institutional unit. If the vehicle company does not sell a new financial asset representing an interest in the portfolio, the company has not effectively transformed or intermediated in the portfolio and thus is not deemed to be a financial intermediary. Buyers of the portfolio would be treated as direct owners of the assets, rather than as investors in a portfolio controlled by the vehicle company. In such a case, the vehicle company would be considered a Trust Service Provider that passively holds assets. The issuance of depository receipts or trust receipts serving only as claims on instruments held in trust does not constitute the issuance of a new financial asset.
f) Financial derivatives intermediaries consist of units that engage primarily in issuing or taking positions in financial derivatives recognized as financial assets.
g) Specialized financial intermediaries include holding corporations, companies that provide short-term financing for corporate mergers and takeovers, export/import finance firms, factors or factoring companies, venture capital and development capital firms, and pawnshops that predominantly engage in lending rather than retailing.

Savings and loan associations

16. Traditionally, savings and loans associations are organized as mutual associations. Individuals who provide or borrow funds are association members who have voting rights and, can exercise control over the association.

Credit unions and credit cooperatives

17. These subsectors include member-owned, not-for-profit financial cooperatives that provide savings, credit, and other financial services to their members. Membership is based on a common bond, a linkage shared by savers and borrowers who belong to a specific community, organization, religion or place of employment. Credit unions pool their members' savings deposits and shares to finance their own loan portfolios. Regardless the size of the credit union, each member may run for the volunteer Board of Directors and cast a vote in elections.

Travelers' check companies

18. This subsector comprises corporations that engage in activities related to the sale of negotiable instruments that can be directly used for making third-party payments.

Financial auxiliaries

19. The financial auxiliaries subsector includes financial corporations that engage in activities closely related to financial intermediation but do not act as intermediaries. The most common designations for financial corporations classified as financial auxiliaries are:
    a) Public exchanges and securities markets and entities such as security depository companies, accounting and clearing offices, and other companies providing exchange-related services. Depositories and electronic clearing systems operated by financial corporations fall into this subsector, as well as national self-regulatory organizations that regulate or supervise exchanges and related units.
    b) Brokers and agents are individuals or firms that arrange, execute, or otherwise facilitate client transactions in financial assets. Included are brokers and agents handling the purchase and sale of securities or other financial contracts for clients, and financial advisory services that provide specialized services to brokers and their customers. This group only includes brokers and agents that clearly specialize in brokerage and related activities rather than the intermediation activities that are generally accomplished by underwriters and dealers.
    c) Foreign exchange companies comprise units that buy and sell foreign exchange in retail or wholesale markets.

d) Insurance and pension auxiliaries include agents, adjusters, and salvage administrators.

e) Financial guarantee corporations insure customers against losses to specified financial corporations or against financial loss on specific contracts. Guarantors must establish financial capability for fulfilling potential obligations, and they must agree (usually for a fee) to ensure that investors receive payment on securities or other financial contracts. In addition, the financial guarantee corporations grouping includes specialized corporations that protect depositors and investors against the failure of individual financial corporations. Distinguishing[2] precisely between financial guarantee corporations and insurance corporations is difficult. Guarantee corporations:

    i. do not have a definable pool of assets constituting insurance technical reserves;
    ii. do not carry positions off-balance sheet;
    iii. may not be regulated as insurance corporations; and
    iv. may be limited to specific types of financial transactions.

f) Other financial auxiliaries comprise all other auxiliaries not classified elsewhere. The grouping includes independent units affiliated with the government and established to regulate financial institutions. Also classified in this subsector are financial units that facilitate issuance and trading in financial derivatives but do not actually issue derivatives.

Public Nonfinancial Corporations

20. Public Nonfinancial Corporations (PNCs) consist of nonfinancial corporations and quasi-corporations subject to control by government units. The government may secure control over a corporation either by owning more than half of the voting shares or otherwise controlling more than half of the shareholders' voting power, or as a result of special legislation, decree, or regulation empowering the government to determine corporate policies and/or to appoint/dismiss directors. To be classified as a public nonfinancial corporation, rather than as a government agency, a corporation must produce goods or nonfinancial services for the market and charge economically significant prices, which are prices that influence the demand for the goods or services in question. The prices charged may be insufficient to generate profit for the corporation or even to cover its production costs, but as long as they are high enough to influence the demand, these institutional units should be classified as PNCs.

[2] In case of doubt, these units should be classified as insurance corporations.

Other Nonfinancial Corporations

21. Other Nonfinancial Corporations (ONCs) consist of corporations and quasi-corporations that are not controlled by government units. This subsector also includes NPIs that produce goods or services for the market, such as units engaged in providing education or health services on a fee basis, or trade associations serving enterprises and exposures to proprietors.

Specific Note

Private pension funds should be classified as ONCs in the CoA. The private pension funds are not subject to the CBA's supervision and in most cases have a very limited group of participants. Often participants are limited to the directors/majority shareholders of a corporation.

Households

22. A household is defined as a small group of persons who share the same living accommodation, pool some or all of their income and wealth, and consume certain types of goods and services (mainly housing and food) collectively. Unattached individuals are also considered as households.
23. Other groups, such as persons in monasteries, hospitals, asylums, prisons, and retirement homes, may constitute households if the inhabitants share resources and consumption for extended periods. Servants or other paid domestic employees who live on the premises but do not have claims on the collective resources are treated as separate households.

    Households may engage in the production of goods and services for sale in the market, for consumption by the household itself, for construction of housing, and for accumulating other physical capital for the household's own use. Unincorporated enterprises owned by households and engaged in market production are classified in the nonfinancial corporations sector if the enterprises can be treated as quasi-corporations. Otherwise, these unincorporated enterprises are classified in the "Households" sector.

Other

24. Other comprises the NPIs and other institutional units that do not qualify for classification under the abovementioned sectors. The majority of NPIs are likely to be nonmarket producers that provide goods and services to their members, households or the community as a whole, either free or at prices that are not economically significant. NPIs that are not financed and are not controlled government units are called NPIs Serving Households (NPISHs). NPISHs are mainly financed from contributions, subscriptions from members, or earnings on their holdings of financial and nonfinancial assets.

25. NPISHs consist of two major categories:

a) Trade unions, professional or learned societies, consumers' associations, political parties (except in single party states), churches or religious societies (including those financed by the government), and social, cultural, recreational, and sports clubs; and
b) Charities and relief (aid) organizations financed by voluntary transfers (in cash or in kind) from other institutional units.

General note

Unsettled estates should be classified based on the related person(s) to whom the estate was left. In case an estate has been left to a natural person, it should be classified as "Households". If a corporation is the heir, it should be classified under the relevant sector of "Corporations". An estate with a mix of heirs, both natural persons and corporations, should be reported as "Other".

2.6.2 Resident/Non-resident

An institutional unit is classified as a resident or non-resident unit in accordance with the definition of resident or non-resident in article 1 of the State Ordinance on Foreign Exchange Transactions (AB 1990 no. GT 6).

2.6.3 Application of IFRS, common practice and deviations

1. Reporting institutions must comply with the applicable laws and regulations mentioned in this CoA manual, with due regard, amongst other, to the IMF, IFRS and Basel standards. While the intention of the CBA is to follow as much as possible the IFRS principles, the CoA is fundamentally a monetary and prudential supervisory tool and, as such, may deviate from accounting principles in some respects. Furthermore, common practice must be applied in the absence of IFRS, IFRS Interpretations Committee (IFRICs) of other IFRS related guidance (Standard Interpretations Committee (SICs)) and/or for prudential reasons.
2. The deviations of the CoA from the IFRS include the following:
   a) Contrary to IFRS principles, the category "Loans and Receivables" is not reported in the CoA based on a portfolio basis. All loans and receivables must be reported together in one account, namely account 14 "Loans";
   b) IFRS must be applied when determining the specific or allocated loan loss provision. The CBA classifies all stages (1, 2, and 3) of provisioning recognized under IFRS as allocated loan loss provisions.
   c) Supervisory directive III.4 "Provision for general risks" must be applied for determining the

provision for general risks a credit institution runs. Said provision serves as a buffer for losses originating from conducting banking activities.

d) The CBA has decided to maintain a separate account under investments for the time deposits placed, namely item 1306 000 "Time Deposits". Contrary to IFRS, all time deposits, regardless of their remaining maturity, must be reported under this account;
e) The CBA has decided to maintain a separate account under liabilities for the deposits, namely item 2100 000 "Deposits". Contrary to IFRS, all demand, savings and time deposits, regardless to which portfolio they belong, must be reported under this account; and
f) The amounts must be reported on a "gross" basis in the CoA.

2.6.4 Application of Basel II standards

1. The assessment of the reporting institution's capital adequacy is based on the "International Convergence of Capital Measurement and Capital Standards" ("Basel II"). Capital adequacy is measured based on the standardized approach as set out in the Basel II document.
2. Reporting institutions may use other Basel II approaches within their institution/group, but must submit their CoA reports according to the Basel II standardized approach.

2.7 Accounting treatment of affiliates

1. Affiliates and other terms used, such as control, subsidiary, parent, group, significant influence and, consolidated financial statements with respect to affiliates, are defined in Chapter 8 "Definitions".
2. The accounting treatment of affiliates depends, amongst other, upon whether the reporting institution controls an affiliate and on the type of business of the affiliate.

Consolidation

3. Consolidation shall include all of the reporting institution's subsidiaries whose business comprise banking services and all closely related business activities thereto. Therefore, the following subsidiaries should be consolidated on a line-by-line basis:
    a) Those primarily engaged in providing banking services.
    b) Those not primarily engaged in providing banking services, and whose business is primarily to:
        1. hold title of premises or equipment used by the reporting institution in carrying out its ordinary business, holding obligations of governments or holding real estate for execution on the short term; or

2. provide services to the reporting institution that would ordinarily be performed by itself in the general course of its business. For example, an entity that provides data processing services, appraisal services for the reporting institution or conducting a safe deposit business.

Specific note

The type of business activities mentioned above in 3.b are considered "closely related business activities". In addition, subsidiaries being insurance corporations (entities) are not considered closely related business activities to banking services. For prudential purposes such entities should not be consolidated in view of their nature, and must be reported under the sector "Other Financial Corporations" as described in general guideline 2.6.1.

4. The financial statements of the reporting institution and its subsidiaries, used for preparing the reporting institution's consolidated financial statements, must be of the same date. If the date of the subsidiaries financial statements differ from those of the reporting institution, the subsidiary must prepare, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent reporting institution.
5. Consolidated financial statements must be prepared using uniform accounting policies and functional currencies.

Non-consolidation

6. All affiliates with the exception of those that should be consolidated, as set out in paragraph 3 above, must be reported as unconsolidated affiliates in Supporting Schedule 4. These unconsolidated affiliates are institutional units that may have different characteristics. Therefore, they could be classified and reported in the CoA according to their type, under one or more of the sectors described in general guideline 2.6.1. Thus, the investments in loans and other advances and liabilities to the unconsolidated affiliates should be reported in the appropriate sectors throughout classes a. through h. (paragraph 2.6.1) of the CoA.
7. The amounts due from and due to entities whose equity and other regulatory capital investments are deducted from the reporting institution's equity, as described in section 6.4 "Supporting Schedule 1B: Capital", paragraphs 2.2.2 and 2.3, of the reporting instructions, must also be reported in Supporting Schedule 4.

2.8 Investments

Entities in which the reporting institution holds an equity interest less than 20% and in which the reporting institution has no control and no significant influence should be treated as investments.

2.9 Regulatory reserves (Provision for general risks)

1. A general risk provision must be formed against general losses, not yet identified, ensuing general risks as referred to under 2.6.3. "Application of IFRS, common practice and deviations". The general risk provision must be reported on the liability side of the balance sheet under item 3103 200 "Regulatory Reserves".

2. The under IFRS determined "Stage 1, 2 and 3" provisions for loans is considered by the CBA as a specific or allocated provision and, as such, must be recorded under item 1409 000 "Specific Provisions for Loans" of the asset side of the balance sheet. Reference is also made to paragraph 2.10 "Specific reserve, impairment and accounting treatment.

2.10 Specific reserve, impairment and accounting treatment

1. Specific reserves for impairment are provisions that must be formed for identified losses on specific assets (investments, loans or other assets) or provisions that must be formed in connection with identified deterioration in the value of any asset or group of assets. The specific provisions for impairment must be reported on the asset side of the balance sheet under items 1309 000, 1409 000, 1609 000, 1709 000 and 1909 000. For example, a term loan due from an individual must be reported in item 1402 070. In case conditions indicate that all or part of this loan would no longer be collectable; the reporting institution must set up a specific provision. This specific provision must be reported under item 1409 000 "Specific Provisions on Loans".
2. For reporting purposes, additions to the specific provisions on loans, recoveries from loan losses, and impairment of specific investments or other assets, must be recorded directly in the Profit and Loss Account under items 6600 000 " Provisions for/(recoveries from) loan losses" or 6700 000 "Impairment" of the investments and other assets.
3. If future events indicate that there has been a positive development in the quality of the investments, loans or other assets, and that all or part of the specific provisions or impairment is no longer needed, the release in the previously formed provisions must also be recorded in the Profit and Loss Account.

2.11 Preliminary and final audited CoA

1. Each reporting institution must file a preliminary set of CoA reports as of December 31 of each year, within 15 calendar days following the month to which the CoA reports relate to.
2. The final CoA reports must be audited by an independent external auditor pursuant to article 30 of the SOSCS. The audited CoA report together with the auditor's opinion must be submitted in hard copy to the CBA not later than six months after the end of each book year. The report must be accompanied by the auditors' report stating that the audited CoA reports has been prepared in accordance with the guidelines of the CBA.
3. The audited CoA reports do not replace the audited financial statements, which, pursuant to articles 22 and 23 of the SOSCS, must also be submitted to the CBA, together with the management letter pertaining to the audited year, and, insofar applicable, the audited financial statements of the group to which the reporting institution forms part of, not later than six months after the end of each financial year. Branches and agencies must submit the audited financial statements of the group of which they form part of.

2.12 Working papers

Each reporting institution must be able to readily support the figures included in the submitted CoA reports with underlying documents. The primary source of information for the CoA reports is the institution's own general ledger and trial balance. The working papers should clearly indicate the CoA item to which each general ledger item is assigned. If the content of one general ledger should be classified under more than one CoA item, the reporting institution is advised to create a new general ledger item, so that each general ledger item corresponds with only one item included in the CoA reports. The required supporting documentation would generally be a detailed listing of the items so that the examiners from the CBA can verify the correctness of each item. The income statement, the contingent liabilities, sub-reports and the supporting schedules must be similarly documented. The institution must also have source documents to support valuation of its assets, e.g., market price calculations and appraisal reports.

2.13 Other general guidelines

1. If on the reporting date an account on the balance sheet of a reporting institution reflects a change greater than 10% compared to the account balance on the previous reporting date, and the change exceeds 1% of the reporting institution's total assets at the end of the previous reporting date, the reporting institution must submit to the CBA a written explanation thereon on the reporting date.
2. Amounts due to or due from the CBA must be reported in the resident columns on the relevant items "(Due/from) Central Banks". Amounts due to or due from foreign Central Banks should be reported

in the non-resident columns on the relevant items.

3. All amounts must be reported in Aruban florin (Afl.). Foreign currency balances must be translated to their Afl. equivalent. Currencies officially quoted by the CBA should be translated using the average of the buying and selling rate for checks quoted by the CBA on the reporting date. Currencies not quoted by the CBA should be translated using Afl. 1.79 per USD 1.00 as a cross-rate.
4. Amounts are rounded to the nearest thousand. The rounding should be effected in such a way that the final count in debits and credits shows equal amounts.
5. Negative amounts must be presented with a minus sign.
6. Any questions on prudential matter must be directed to the Prudential Supervision Department of the CBA.
7. Any questions on classification or monetary issues must be directed to the Statistics Department of the CBA.

3 STRUCTURE OF THE CHART OF ACCOUNTS

3.1 CBA CoA codes

1. The CoA consists of Classes, Accounts, Categories, Items and Sub-items.

2. Classes 1, 2 and 3 are the assets, liabilities and equity accounts which constitute the Balance Sheet. Classes 4, 5, 6 and 7 are the income and expense accounts which constitute the Profit and Loss Account for the year-to-date. Class 8 contains the contingent liabilities.

Class 1	Assets
Class 2	Liabilities
Class 3	Equity
Class 4	Net interest income
Class 5	Net fees and commissions
Class 6	Operating profit
Class 7	Non-controlling interest, taxes and net income
Class 8	Contingent liabilities

3. The CBA CoA codes (coding) that are used in the CoA are identified as follows.

Class	:	is identified by the first digit
Account	:	is identified by the first two digits
Category	:	is identified by the first four digits
Item	:	is identified by the first five digits
Sub-item	:	is identified by all 6 to 7 digits

<u>Example</u>

Class	:	1	Assets
Account	:	13	Investments
Category	:	1301	Financial Assets measured at fair value
Item	:	1301 1	Financial Assets measured at fair value - Equity Instruments
Sub-item	:	1301 160	Financial Assets measured at fair value - Equity Instruments - Other Nonfinancial Corporations

Specific note

From chapter 4 onwards, for practical reasons, the CoA codes “Category” and “Sub-item” mentioned above are referred to as “Item”. Thus, only the CoA code denominations ”Class”, “Account” and “Item” are used from chapter 4 onwards.

3.2 Reporting institution’s GL accounts

In addition to the column “CBA CoA codes”, the balance sheet, profit and loss account and contingent liabilities CoA reporting forms contain the column “Reporting Institution’s GL accounts” for mapping purposes. Reporting institutions should report in the latter column their GL account number under which the total amounts are reported for the relevant CBA’s CoA codes (category, item or sub-item).

4 BALANCE SHEET, PROFIT AND LOSS ACCOUNT AND CONTINGENT LIABILITIES

4.1 BALANCE SHEET

4.1.1 CLASS 1: ASSETS

11 CASH AND DEPOSIT BALANCES

Represents all assets in the form of cash deposit balances and other assets that can be easily converted into cash.

Include

a) 1101 000 Cash on hand;
b) 1102 000 Due from CBs;
c) 1103 000 Due from ODCs;
d) 1104 000 Cash items in process of collection; and
e) 1109 000 other cash items.

Exclude

a) Gold held in custody for third parties.

1101 CASH ON HAND

Include

a) All legal tender, including bank notes and coins denominated in foreign currencies.
b) Cash in transit between any unit of the institution.

Other instructions

1. Units of the institution also include branches or offices of the institution’s subsidiaries.
2. Gold and silver coins as well as gold bullions held by another party on an unallocated basis should be reported in item 1907 000 “Other Assets”.

1102 DUE FROM CENTRAL BANKS

Include

a) Balances held in the current account at the CBA and foreign CBs.

b) Balances held at national giro services of the country in which the reporting institution is established.

<u>Other instructions</u>

Overdrawn balances are considered liabilities and should be reported in item 2202 200 "Financial liabilities measured at amortized cost CBs".

1103 DUE FROM OTHER DEPOSITORY CORPORATIONS

<u>Include</u>

Balances subject to withdrawal without notice (demand balances) with ODCs including such items in the process of collection if any, appearing on the reporting institution's books as "due from ODCs".

<u>Exclude</u>

Balances with closed or liquidated banks. Such balances should be charged off and/or the amount considered collectible should be reported in item 1907 000 "Other Assets".

<u>Other instructions</u>

Overdrawn (due from) accounts are considered liabilities and should be reported in item 2202 300 "Financial liabilities measured at amortized cost ODCs".

1104 CASH ITEMS IN PROCESS OF COLLECTION

<u>Include</u>

a) Checks or drafts in process of collection that are drawn on another ODC or institution and that are payable immediately upon presentation.
b) Checks or drafts drawn on another ODC or institution that have been forwarded for collection but for which the reporting institution has not yet been credited.
c) Checks or drafts on hand that will be presented for payment or forwarded for collection on the following business day.
d) Government checks drawn on any public sector entity that are payable immediately upon presentation and that are in the process of collection.
e) Checks drawn on an ODC other than the reporting institution which have been deposited at the reporting institution or at any of its branches or offices, and have been forwarded to other branches or offices of the reporting institution for collection.

f) Other cash items in process of collection, payable immediately upon presentation as are customarily cleared or collected as cash items.

1109 OTHER CASH ITEMS

Report all other cash items which cannot be reported under 1101 000 through 1104 000.

Include

a) Gold and silver coins held and asset gold bullions held in own vaults or on an allocated basis to the extent that it is backed by gold bullion liabilities.
b) Any other item which may be considered cash but does not fit into the items 1101 000 through 1104 000.

Exclude

a) Gold and silver coins held and asset gold bullions held on an unallocated basis by another party. These should be reported in item 1907 000 "Other Assets".
b) Cash items for which the reporting institution has already been credited. These should be reported in item 1103 000 "Due from ODCs".
c) Items handled as non-cash collection items. These should be reported in item 1907 000 "Other Assets".
d) Cash items in process of collection, which are included in item 1103 000 "Due from ODCs".
e) Credit or debit card slips forwarded for processing or in the process of collection reported as non-cash items. These should be reported in item 1907 000 "Other Assets".
f) Commodity or bill of lading (arrival) drafts not yet payable, whether or not deposit credit has been given and has been granted, should be reported under account 14 "Loans" in the appropriate item.

Other instruction

If commodity or bill of lading (arrival) drafts not yet payable are received by the reporting institution on a collection basis, they should not be included in the reporting institution's statement until the funds have actually been collected.

12 INTERBANK FUNDS - SOLD

Include

a) All transactions with ODCs involving the sale of immediately available funds for one business day only.

b) Those transactions with ODCs made on a Friday to mature on Monday and those made the last business day prior to a holiday to mature the first business day after the holiday.
c) All continuing contracts with ODCs to sell funds, defined as those which remain in effect for more than one day, but have no specified maturity and do not require advance notice to terminate.

13 INVESTMENTS

Include

a) 1301 Financial assets measured at fair value;
b) 1303 Financial assets measured at amortized cost;
c) 1304 Investments in entities accounted for using the equity method;
d) 1305 Derivatives - financial assets;
e) 1306 Time deposits; and
f) 1309 Allowance for impairment

1301 FINANCIAL ASSETS MEASURED AT FAIR VALUE

Other instruction

All shares held in funds (e.g. mutual funds, hedge funds etc.) should be reported under Financial assets measured at fair value, equity instruments in items 1301 150 "Equity Instruments PNCs" or 1301 160 "Equity Instruments ONCs".

1303 FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Reference is made to the applicable IFRS.

1304 INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

Include

a) Associates/ investments in unconsolidated affiliates.
b) Joint ventures.

Other instruction

Abovementioned investments should be reported under the appropriate sector, as set out in the general guidelines under section 2.6.1.

Specific note

1. Income from investments in unconsolidated affiliates should be reported in item 6204 000 "Share of the profit/ (loss) of investments in entities accounted for using the equity method".

2. Credit extensions to unconsolidated affiliates should be reported under account 14 “Loans” under the appropriate sector. However, if an exposure to an unconsolidated affiliate is due to the reporting institution’s participation in a debt issue of such affiliate, the exposure should be reported under the appropriate item of account 13 “Investments”.

1305 DERIVATIVES – FINANCIAL ASSETS

Other instruction

Report all derivatives with a positive fair value.

Exclude

a) Derivatives with negative fair values. These should be reported as liabilities under account 23 “Derivatives- Financial Liabilities”.

1306 TIME DEPOSITS

Include

a) All time balances on deposit with CBs and ODCs.
b) Certificates of deposit and the Reserve Requirement held at the CBA and other foreign CBs.

Other instruction

Time deposits due to and due from the same institution may not be compensated in order to reflect the gross balance of the time deposit on the balance sheet.

1309 ALLOWANCE FOR IMPAIRMENT

Reference is made to the applicable IFRS with respect to the calculation of the allowance for impairment of financial assets measured at amortized cost and for further guidance on the calculation of impairment losses.

14 LOANS

Reference is made to IFRS with regard to the loan loss provisioning.

Include

a) 1401 Current account overdrafts;
b) 1402 Term loans;
c) 1403 Mortgages;

d) 1404 Finance leases;
e) 1405 Other loans;
f) 1409 Specific provisions on loans

<u>Other instructions</u>

1. The distinction between loans to corporations (ODCs, OFCs, PNCs and ONCs) and loans to HHs is made on the basis of the purpose of the loan, rather than on the name of the specific borrower. For example, if the proceeds of a loan to an individual proprietor would be used in the operation of the individual's business, this would constitute a loan to a corporation. On the other hand, if the proceeds were used to finance the individual's vacation, the loan must be classified under "HHs".
2. Undisbursed loan funds should be reported in the appropriate items under account 85 "Commitments".

1401 CURRENT ACCOUNT OVERDRAFTS

<u>Include</u>

a) Extensions of credit in the form of planned ("contracted") overdrafts.
b) Extensions of credit in the form of unplanned ("non-contracted") overdrafts.

Planned ("contracted") overdrafts include overdrafts for which a written contract has been established on the date of the overdraft or within 10 business days following the overdraft. Unplanned ("non-contracted") overdrafts include overdrafts for which no written contract has been established.

1402 TERM LOANS

<u>Include</u>

Extensions of credit having a fixed maturity according to the contractual agreement entered into between the reporting institution and the borrower (amongst other consumer loans and commercial loans).

1403 MORTGAGES

<u>Include</u>

All loans secured by mortgage on real estate, airplanes or vessels, which is evidenced by a mortgage deed and on which there are no other preferential rights to the property.

Other instruction

In addition, for monetary and prudential purposes the CBA requires more detailed information on mortgages by means of sub-report II, as set out in chapter 5 "Sub-reports".

1404 FINANCE LEASES

Include

The balance of leases on property acquired by the reporting institution for the purpose of financial leasing.

1405 OTHER LOANS

Report all other loans which cannot be reported in one of the items under 1401 000 through 1404 000.

Include

a) Credit cards;
b) Demand loans;
c) Reverse repurchase agreements (reverse repos); and
d) Loans designated at fair value.

Other instruction

Contrary to credit cards and demand loans, repos must be reported based on the contractual value. Furthermore, demand loans designated at fair value should be reported at fair value with changes in fair value booked in the income statement. Reverse repurchase agreements should be reported in item 2202 000 "Financial Liabilities measured at amortized cost".

1409 SPECIFIC PROVISIONS ON LOANS

Report the provisions that have been set up for identified losses for specific loans. Reference is made to IFRS for calculating the specific loan loss provision.

15 CUSTOMERS' LIABILITY ON BANKERS' ACCEPTANCES

Include

a) The customers' liability to the reporting institution for drafts and bills of exchange which have been accepted by the institution and are still outstanding.
b) The amount of interest which has been accrued but not yet received.

Other instruction

If the reporting institution has acquired its own acceptances, they should be reported as loans. In case a customer anticipates his liability to the institution on acceptances by paying the bank either the full amount of an acceptance or a part thereof, in advance of the actual maturity, the institution should decrease the amount of the customers' liability on the acceptances by the amount paid by the customer.

16 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Include

a) 1601 Real estate & other assets from debts previously contracted;
b) 1602 All other non-current assets; and
c) 1609 Allowance for impairment.

Real estate and assets acquired by the reporting institution through conveyance in satisfaction of debts previously contracted comprises (i) assets purchased at sales under judgments, and (ii) decrees or mortgages where the property was security for debts and purchased to secure debts previously contracted.

Other instructions

1. Foreclosed real estate received in full or partial satisfaction of a loan should be recorded at the fair value less cost to sell the property at the time of foreclosure. This amount becomes the value of the foreclosed real estate.
2. If the reporting institution established a subsidiary to take title to assets acquired from debts previously contracted, this subsidiary should be consolidated or accounted for just as any other subsidiary in accordance with the general guideline 2.7.

17 PROPERTY, PLANT AND EQUIPMENT

Include:

a) 1701 land;
b) 1702 buildings;
c) 1703 leasehold improvements;
d) 1704 machinery and equipment;
e) 1705 revaluation reserves;
f) 1708 accumulated depreciation; and
g) 1709 allowance for impairment.

Other instruction

Leasehold improvements cover the (re)construction of a building or improvements made to leased property, such as vaults, fixed machinery, or resurfacing of parking lots, which will become an integral part of the property and thus revert to the lessor on the expiration of the lease.

19 OTHER ASSETS

Report the total of all other claims on related and non-related parties and other assets incurred during the normal course of business operations, which cannot be reported under the accounts 11 through 17.

1901 INTANGIBLE ASSETS

Include

a) 1901 Intangible assets;
b) 1902 Prepaid expenses;
c) 1903 Accounts receivable;
d) 1904 Accrued interest receivables;
e) 1905 Deferred tax assets;
f) 1906 Dividends receivable;
g) 1907 Other assets; and
h) 1909 Allowance for impairment.

For the reporting of intangible assets, reference is made to the applicable IFRS.

1902 PREPAID EXPENSES

Report the cash outlays for goods and services of which the benefits will be realized in future periods.

1903 ACCOUNTS RECEIVABLE

Represents money owed by entities or customers to the reporting institution on the sale of products or services on credit.

1904 ACCRUED INTEREST RECEIVABLE

Income earned or accrued but not yet collected on loans, debt securities and other interest-bearing assets.

1905 DEFERRED TAX ASSETS

Reference is made to the applicable IFRS.

1906 DIVIDENDS RECEIVABLE

Include

Accrued dividends on equity securities, not yet received. Dividend on common shares and preference shares, other than limited life preference shares, should not be accrued until they are declared and made payable by the issuer.

1907 OTHER ASSETS

Report all other assets which cannot be reported in one of the other items under account 19.

Include

a) Gold and silver coins held and gold bullion held on an unallocated basis by another party.
b) Recoverable tellers' shortages.
c) Recoverable losses arising from amongst other falsifications, hold-ups, and robberies.
d) Cash items not in conformity with the definition of "Cash items in process of collection" found in the instructions of item 1109 000 "Other cash items" such as credit or debit card slips forwarded for processing, or in the process of collection reported as non-cash items.
e) Current tax assets.
f) Sundry accounts receivable.

1909 ALLOWANCE FOR IMPAIRMENT

For the impairment rules regarding other assets reference is made to the applicable IFRS.

4.1.2 CLASS 2: LIABILITIES

21 DEPOSITS

Funds placed at a credit institution for safekeeping. Demand deposits are funds held in an account from which deposited funds can be withdrawn at any time without any advance notice to the credit institution. Time deposits are interest-bearing bank deposits that have a specified date of maturity and for which a depositor can only make a withdrawal by giving notice to the credit institution. The CBA has decided to maintain a separate account under liabilities for the deposits. Contrary to IFRS, all demand, savings and time deposits, regardless to which portfolio they belong, must be reported under this account.

Include

a) 2101 Demand deposits;
b) 2102 Savings deposits; and
c) 2103 Time deposits.

2101 DEMAND DEPOSITS

Report the nominal value of the deposit or account from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instrument, payment order of withdrawal, telephone transfer, or other similar device for the purpose of making payments or transfers to others at an ATM, remote service unit, or other electronic device.

Include

a) Deposits (except saving and time deposits) which can be withdrawn upon demand, i.e. without prior notice of an intended withdrawal.
b) Time deposits which have matured and which have not been renewed.
c) Deposits that can be used to cover checks or other instruments, or arrangements for the transfer of funds).

Exclude

a) Money market funds of which the terms of the deposit agreement place time restrictions on withdrawals. Those should be reported in item 2103 000 “Time Deposits”.
b) Overdrawn demand deposits with a debit balance must be reported in item 1401 000 “Current Account Overdrafts”.

Other instructions

1. Demand deposits may be in the form of checking accounts, certified checks, letters of credit issued for cash and similar accounts or instruments.
2. Gift checks, bank checks, certified checks and letters of credit issued for cash are generally issued for small amounts and the turnover of these funds is very rapid. Therefore, a precise analysis of the owners of these funds will not be required as long as they do not represent more than 10% of demand deposits (in total). If the total represents more than 10%, identify the larger items and report them in their proper category. Once the remaining amount falls below 10%, it may be reported in item 2101 900 “Other”.

2102 SAVINGS DEPOSITS

Report accounts that pay interest but cannot be used directly for purchases. Also report savings accounts for which withdrawal is restricted for a specified time period (e.g. children savings plan).

Include

a) Interest bearing deposits with no specific maturity and usually subject to withdrawal on demand.
b) Interest bearing deposits with no specific maturity and with withdrawal restrictions.

Other instruction

Savings deposits may be evidenced by a statement, passbook, certificate or written agreement.

2103 TIME DEPOSITS

Report those deposits with a specified term to maturity or other withdrawal condition, whereby the funds cannot be withdrawn before maturity or the occurrence of mentioned condition, without giving advance notice.

Other instruction

The certificates of deposit may be evidenced by a negotiable or non-negotiable instrument, by book entry or otherwise.

22 FINANCIAL LIABILITIES

Include

a) 2201 Financial Liabilities measured at fair value; and
b) 2202 Financial Liabilities measured at amortized cost.

2202 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Include

a) The total amount borrowed by the reporting institution:
    i. on issued interest-bearing demand notes;
    ii. on its own promissory notes;
    iii. on notes and bills rediscounted (including commodity drafts rediscounted);
    iv. on notes and debentures issued by consolidated subsidiaries of the reporting institution;
    v. on any other instruments (except for certificates of deposits and savings certificates) issued for the purpose of borrowing money, other than interbank funds-bought, which are reported under account 24 “Interbank Funds-Bought”;

vi. on reverse repurchase agreements; and
vii. all other type of borrowings not mentioned above.

<u>Other instruction</u>

When due from ODCs accounts, which normally have a debit balance, become temporarily overdrawn and reflect a “credit” balance, they should be reported in item 2202 300 “Financial Liabilities measured at amortized cost ODCs”.

23 DERIVATIVES - FINANCIAL LIABILITIES

Report all derivatives with a negative value under this account.

<u>Exclude</u>

Derivatives with a positive fair value are carried as assets in item 1305 000 “Derivatives-Financial Assets”.

24 INTERBANK FUNDS - BOUGHT

<u>Include</u>

a) All transactions with other ODCs involving the purchase of immediately available funds for one business day only.
b) Those transactions with other ODCs made on a Friday to mature on Monday and those made the last business day prior to a holiday to mature the first business day after the holiday.
c) All continuing contracts with other ODCs to purchase funds, defined as those which remain in effect for more than one day, but have no specified maturity and do not require advance notice to terminate.

25 BANKERS’ LIABILITY FOR ACCEPTANCES

<u>Include</u>

The amount of un-matured drafts and bills of exchange accepted by the reporting institution or by others for its account and that are still outstanding, less the amount of such acceptances acquired by the reporting institution through discount or purchase and held as of the reporting date.

26 OTHER LIABILITIES

This account comprises all other liabilities to affiliate and non-affiliate parties incurred in the normal course of business operations, which cannot properly be reported under accounts 21 through 25.

Include

a) 2601 Accrued and unpaid expenses;
b) 2602 Taxes payable;
c) 2603 Accounts payable;
d) 2604 Accrued interest payable;
e) 2605 Deferred tax liabilities and other provisions;
f) 2606 Dividends Payable;
g) 2607 Other liabilities; and
h) 2608 Items in suspense.

2601 ACCRUED AND UNPAID EXPENSES

Include

a) All other accrued (operational) expenses which remain unpaid as of the reporting date.
b) All amounts due to (bank) directors, officers and personnel of which payment is pending, e.g. salaries, vacations and benefits.
c) Supervisory fees.

2602 TAXES PAYABLE

Include

a) Foreign exchange tax payable.
b) All other types of taxes payable to the government, both direct and indirect (current estimated accrual to date of tax payable for the current year).

2603 ACCOUNTS PAYABLE

Amounts due to suppliers for goods purchased or services received.

2604 ACCRUED INTEREST PAYABLE

Include

Accrued interest[3] which has not yet been credited to deposits, on financial liabilities, interbank funds – bought, financial liabilities measured at amortized cost and subordinated debt.

[3] The denominator "Total Deposits" of the Loan-to-deposit ratio, which ratio is automatically calculated in supporting schedule 2B "Prudential Liquidity and Loan-to-deposit calculation sheet", also takes into account the accrued interest on deposits, which are classified in the balance sheet under account 2604 "Accrued interest payable".

2605 DEFERRED TAX LIABILITIES AND OTHER PROVISIONS

Include

a) 2605 100 Deferred tax liabilities; and
b) 2605 200 Other provisions.

2606 DIVIDENDS PAYABLE

The amount of cash dividends declared on or before the reporting date but only payable after such date.

2607 OTHER LIABILITIES

Report all other liabilities which cannot be reported in one of the other items of account 26.

Include

a) Deferred income such as deferred fees, commissions/ unearned safety deposit box rentals and safekeeping charges/other unearned income, except pre-computed interest on loans.
b) Amounts due to suppliers for goods purchased or services received.

2608 ITEMS IN SUSPENSE

Items which are transitory in nature and therefore remain in this account for a few days.

27 LIABILITY INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Reference is made to the applicable IFRS.

28 SUBORDINATED DEBENTURES AND LIMITED LIFE REDEEMABLE PREFERENCE SHARES

Represent obligations in the form of subordinated debentures and limited life redeemable preference shares.

Include

a) 2801 Subordinated debentures; and
b) 2802 Limited life redeemable preference shares.

2801 SUBORDINATED DEBENTURES

Comprises debts, whether or not evidenced by debt certificates, which have been subordinated to the claims of depositors and other creditors who, in the event of bankruptcy, will be repaid only when all other non-subordinated liabilities existing at that time have been paid.

2801 100 QUALIFYING AS SECONDARY CAPITAL

Include

a) the subordinated debenture that has at least the following characteristics:
   i. it must be fully paid up;
   ii. it is neither secured nor covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis the reporting institution's depositors and/or other creditors;
   iii. it must be subordinated in right of repayment of principal and interest to all liabilities to depositors and other creditors;
   iv. the loan agreement may not contain any restrictive covenants;
   v. it must have an original term to maturity of at least five years; and
   vi. it must contain a statement that the holder has no right of offset or compensation for any amount due to the reporting institution.

Exclude

a) Subordinated debentures eligible as collateral for a loan made by the issuing reporting institution.
b) The amount no longer eligible as "Qualifying as Secondary Capital" should be reported in item 2801 200 "Not Qualifying as Secondary Capital".

Other instructions

1. The above qualifying subordinated debentures are components of Tier 2 capital.
2. An instrument may continue to accrue interest on any unpaid amounts. This can include interest on deferred interest payments.
3. For an amount to be reported as secondary capital, the reporting institution must have received a formal written approval of the CBA that the amount may be reported as a component of Tier 2 capital.
4. Prior approval of the CBA should be obtained before the payment or removal of the subordinated debenture qualifying as secondary capital can occur. Such an approval will only be given if the CAR of the institution meets the regulatory requirements before and after the payment or removal. Otherwise, additional capital up to at least the outstanding amount of the subordinated debenture should be injected.
5. The amount of subordinated debentures qualifying as secondary capital must be amortized on a straight line basis at a rate of 20 percent annually over the last five years to maturity as illustrated below.

Years to maturity	Amount eligible for inclusion in Tier 2 capital
more than four	100%
less than and including four but more than three	80%
less than and including three but more than two	60%
less than and including two but more than one	40%
less than and including one	20%

6. The total amount of qualifying subordinated debentures and limited life redeemable preference shares that qualify as secondary capital are limited to 50 per cent of the reporting institution‘s Tier 1 capital. Together with other components of Tier 2 capital, they should not exceed 100 percent of Tier 1 capital.

2801 200 NOT QUALIFYING AS SECONDARY CAPITAL

Include

a) All subordinated debentures that have not formally been recognized by the CBA as a qualifying component of Tier 2 capital.
b) Amounts no longer eligible as "Qualifying as secondary capital".

2802 LIMITED LIFE REDEEMABLE PREFERENCE SHARES

Include

a) Limited life redeemable preference shares with a stated maturity or that can be redeemed at the option of the holder.
b) The excess that the reporting institution received over par for limited life preference shares.

Exclude

Those issues of preference shares that automatically convert into common shares or non-cumulative perpetual preference shares at a stated date. These should be reported in account 31 "Shareholders' equity" at par and in item 3102 000 "Share Premium" (for the amount received in excess of their par or stated value on or before the report date).

Other instructions

1. Equally as the subordinated debentures that qualify as secondary capital, the amount of the limited life redeemable preference shares qualifies as secondary capital if it has an original term to maturity of at least five years, and must be amortized on a straight line basis at a rate of 20 percent annually over the last five years to maturity.
2. Issue documentation of the limited life redeemable preference shares should explicitly indicate that:
   a) all scheduled dividend payments on the instrument are conditional upon the reporting institution being solvent and meeting the CAR at the time of payment; and
   b) no payment may be made unless the institution is solvent and meets the CAR before and after the payment.
3. An instrument may continue to accrue interest on any unpaid amounts. This can include interest on deferred interest payments.

4.1.3 CLASS 3: EQUITY

Equity represents the owners' investment, including profits retained from operations over the years, in the reporting institution.

31 SHAREHOLDERS' EQUITY

Include

a) 3101 Share capital;
b) 3102 Share premium;
c) 3103 Revaluation and regulatory reserves;
d) 3104 Other reserves; and
e) 3105 Retained earnings.

3101 SHARE CAPITAL

Include

a) The par value of all issued and fully paid common shares.
b) The par value of perpetual non-cumulative preference shares.
c) Those issues of preference shares which automatically convert into common shares or non-cumulative perpetual preference shares at a stated date.

Other instructions

1. The criteria to include perpetual non-cumulative preference shares, in item 3101 000 are specified in attachment A "Perpetual non-cumulative preference shares".

2. Foundations and associations should also include their capital under this heading.

3102 SHARE PREMIUM

Include

a) Any amounts received for the common and perpetual non-cumulative preference shares in excess of their par or stated value on or before the reporting date.
b) Capital contributions without issuance of shares.

Other instruction

Any premium or discount to par value of treasury shares is shown as an adjustment to share premium. Branches of institutions incorporated in foreign countries should include any assigned capital under share premium.

3103 REVALUATION AND REGULATORY RESERVES

Include

a) The revaluation reserve is the differences between the amortized cost or the cost of assets and their value after revaluation, less any related provision for deferred tax liabilities and any markdowns on account of impairment. Any additions to and withdrawals from revaluation reserves should be in accordance with IFRS regulations.
b) Regulatory reserves for:
    i. Provision for general risks. The guidelines set out in the CBA's supervisory directive III.4 "Provisioning for general risks" must be applied.
    ii. Investment and other assets.

3104 OTHER RESERVES

Report all other reserves which cannot be reported in one of the items under account 3103 "Revaluation and regulatory reserves".

Include

a) Foreign currency translation reserve.
b) Statutory reserves.
c) Non-current assets held for sale and discontinued operations.
d) Reserves of investments in entities accounted for using the equity method.
e) All other reserves.

Other instructions

1. Changes in the reporting institutions' proportionate interest in investments in entities accounted for using the equity method arising from changes in the equity of such investments, should be recognized in the institutions' equity and should be reported in item 3104 400 "Reserves of investments in entities accounted for using the equity method". Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences.
2. In the event that there is a net debit foreign currency translation, this amount should be reported as a negative amount in parenthesis.

3105 RETAINED EARNINGS

Include

a) Those portions of earnings which were not distributed but retained and accumulated in prior periods.
b) Net income for the current fiscal year up to the reporting date.
c) Transfers to and from the regulatory reserves for loans, investments and other assets.

Other instruction

Declared dividends and transfers to/from the regulatory reserves for investments, loans and other assets are also disclosed in account 3105.

32 NON-CONTROLLING INTEREST

Reference is made to the applicable IFRS.

4.2 PROFIT AND LOSS ACCOUNT

4.2.1 CLASS 4: NET INTEREST INCOME

The accounts in Class 4 comprise the interest income and expenses from ordinary and recurring operations during the current fiscal year-to-date. It includes interest and fee income and interest expenses on the asset and liability categories included in Classes 1 and 2.

41 INTEREST INCOME

Include

a) 4101 Interest income on deposits' balances and on interbank funds - sold;
b) 4102 Interest income on investments; and
c) 4103 Interest income on loans.

4101 INTEREST INCOME ON DEPOSITS' BALANCES AND ON INTERBANK FUNDS - SOLD

Report the gross interest earned on deposit balances and on interbank funds - sold.

Include

Interest earned on asset items 1103 and 1203 on amounts held with ODCs which may include correspondent banks and unconsolidated affiliates.

4102 INTEREST INCOME ON INVESTMENTS

For the reporting of interest income earned on investments, except for Time Deposits, reference is made to the applicable IFRS.

Include

a) 4102 100 Financial Assets measured at fair value.
b) 4102 300 Financial Assets measured at amortized cost.
c) 4102 400 Derivative - Hedge accounting: interest rate risk.
d) 4102 500 Time deposits.

Other instructions

1. The interest included in item "4102 300 Financial assets measured at amortized cost" regards interest earned on "Short Term Debentures" and "Long Term Debentures" of asset items 1303 100 and 1303 200 respectively.
2. Item "4102 400 Derivatives - Hedge accounting: interest rate risk": the treatment of the income statement effects of hedging transactions of interest rate swaps should be equal to its underlying instrument. Subsequently, the effects should be reported as interest income.
3. The interest included in item "4102 500 Time Deposits" regards interest earned on related time deposits of asset item 1306 000 "Time Deposits".

4103 INTEREST INCOME ON LOANS

Report all interest and discount earned on and the fees related to the loans reported in asset account 14 "Loans".

Include

a) 4103 100 Current Account Overdrafts;
b) 4103 200 Term Loans;
c) 4103 300 Mortgages;
d) 4103 400 Finance Leases; and,
e) 4103 500 Other Loans.

Other instructions

1. Interest related to customers on loans and leases paid before their maturity date should be deducted from gross interest on loans, and not reported as an expense.
2. Fees on loans that are not recognized as interest income should be reported in item 5101 160 “Fees on Loans” under account 51 “Fees and Commissions Income”.

42 INTEREST EXPENSES

Report all interest expenses on the liabilities reported in liability accounts 21 “Deposits”, 22 “Financial liabilities”, 23 “Derivatives Financial Liabilities”, 24 “Interbank Funds-Bought” and item 2801 000 “Subordinated Debentures”.

Include

a) 4201 Demand Deposits.
b) 4202 Savings Deposits.
c) 4203 Time Deposits.
d) 4204 Financial Liabilities designated at fair value.
e) 4205 Financial Liabilities measured at amortized cost.
f) 4206 Derivatives-Hedge Accounting: Interest Rate Risk.
g) 4207 Interbank Funds – Bought.
h) 4208 Subordinated debentures and Limited Life Redeemable Preference Shares.

Other instruction

Fees charged for early withdrawal of time deposits should be deducted from expense item 4203 000 “Time Deposits”.

4.2.2 CLASS 5: NET FEES AND COMMISSIONS

The accounts in Class 5 comprise the fees and commissions income and expenses from ordinary and recurring operations during the current fiscal year-to-date.

51 FEES AND COMMISSIONS' INCOME

<u>Include</u>

a) 5101 100 service income;

b) 5101 200 foreign exchange fees;

c) 5101 300 fees on contingent liabilities; and

d) 5101 900 all other fees and commissions

Gross fees and commissions' income earned for providing services related to:

a) Current account overdraft;
b) Term loans;
c) Mortgages;
d) Other loans;
e) checks;
f) collecting items;
g) performing securities and insurance brokerage activities;
h) acting as an agent or advisor for placement of securities; and
i) the specified range of activities that involve contingent liabilities.

5101 100 SERVICE INCOME

Report all fees associated with transfers, withdrawals, collections, security brokerage activities, insurance brokerage activities, loans, and other.

5101 200 FOREIGN EXCHANGE FEES

Report all fees associated with the exchange of foreign currencies.

5101 300 FEES ON CONTINGENT LIABILITIES

Report all income earned on the exposures in Class 8 "Contingent Liabilities".

<u>Include</u>

a) 5101 310 Guarantees Issued;
b) 5101 320 Risk Participation;
c) 5101 330 Repo-style transactions;
d) 5101 340 Note issuance and revolving underwriting facilities;
e) 5101 350 Commitments; and
f) 5101 390 All Other Contingent Liabilities.

5101 900 ALL OTHER FEES AND COMMISIONS

Report all other fees and commissions which cannot be reported in one of the other items under account 51.

52 FEES AND COMMISSIONS EXPENSES

Report all fees and commissions expenses paid for services provided for checks, for collecting items, performing securities and insurance brokerage activities and for a wide range of activities that involve contingent liabilities.

4.2.3 CLASS 6: OPERATING PROFIT

The accounts in Class 6 comprise the dividend income on investments, realized and unrealized gains and losses and all other operational expenses, provisions for/recoveries from loan losses and impairments derived from ordinary and recurring operations during the current fiscal year-to-date.

61 DIVIDEND INCOME ON INVESTMENTS

Report all dividend income earned on the related assets in items 1301 100 "Equity Instruments".

<u>Include</u>

a) Dividend income earned on financial instruments in the following items:
    i. 6101 100 Financial Assets measured at fair value; and

62 (UN)REALIZED GAINS/(LOSSES)

<u>Include</u>

a) The realized and unrealized gains or losses on financial instruments, investments in entities accounted for using the equity method, derivatives financial instruments, investments in securities, foreign currencies and non-current assets classified as held for sale in the following items:
    i. 6201 000 (Un) realized Gains/(Losses) on Financial Assets measured at fair value;
    ii. 6202 000 (un) realized Gains/(Losses) on Financial Liabilities measured at fair value;
    iii. 6203 000 Realized Gains/(Losses) on Financial Assets and Liabilities measured at amortized costs;
    iv. 6204 000 Share of the Profit/(Loss) of Investments in entities accounted for using the equity method;
    v. 6205 000 Gains/(Losses) on Derivatives Financial Assets and Liabilities;
    vi. 6206 000 Gains/(Losses) on Foreign Currencies;

vii. 6207 000 Profit/ (Loss) from non-current assets and disposals groups classified as held for sale not qualifying as discontinued operations.

6201 (UN) REALIZED GAINS/ (LOSSES) ON FINANCIAL ASSETS MEASURED AT FAIR VALUE

Include

a) 6201 100 Realized Gains/ (Losses) on Financial Assets measured at fair value; and
b) 6201 200 Unrealized Gains/ (Losses) on Financial Assets measured at fair value.

6202 (UN) REALIZED GAINS/ (LOSSES) ON FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

Include

a) 6202 100 Realized Gains/ (Losses) on Financial Liabilities measured at fair value; and
b) 6202 200 Unrealized Gains/ (Losses) on Financial Liabilities measured at fair value.

6203 REALIZED GAINS/ (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

Include

a) 6203 100 Realized Gains/(Losses) on Short term debentures; and
b) 6203 200 Realized Gains/(Losses) on Long term debentures.

Other instruction

Items 6201 000, 6202 000 and 6203 000 include all realized and unrealized gains or losses on the sale or change in the fair value of the related assets under accounts 13 “Investments” and 22 “Financial Liabilities”

6204 SHARE OF THE PROFIT/(LOSS) OF INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

The share of all profit/(loss) of investments in entities accounted for using the equity method. Reference is made to the applicable IFRS.

6205 GAINS/(LOSSES) ON DERIVATIVES FINANCIAL ASSETS AND LIABILITIES

6205 100 DERIVATIVES HELD FOR TRADING

Include

a) Realized and unrealized gains (losses) on interest rate, equity, commodity and other derivative contracts held for trading purposes, including forward, futures, swaps and options contract.
b) Realized and unrealized gains (losses) on foreign exchange contracts held for trading purposes, including forward, futures, swaps and options contracts, and revaluation gains (losses) on spot trading positions.
c) Realized and unrealized gains (losses) on derivative contracts and other instruments used to hedge instruments held for trading purposes.

6205 200 DERIVATIVES HELD FOR HEDGING

Include

Realized and unrealized gains (losses) on derivatives instruments held for hedging purposes (other than those held to hedge a trading position) including forward, futures, swaps and options contract.

Exclude

The treatment of the income statement effects of hedging transactions of interest rate swaps should follow the treatment of its underlying instrument. Subsequently, it should be reported as interest income.

Other instruction

Realized and unrealized gains (losses) on “derivative financial assets and liabilities” include all revenues and expenses directly related to these instruments.

6206 GAINS/ (LOSSES) ON FOREIGN CURRENCIES

Exchange rate differences, in respect of transactions and the holding of assets and liabilities in currencies other than that in which the annual accounts are drawn up (functional currency).

6207 PROFIT/ (LOSS) FROM NON-CURRENT ASSETS AND DISPOSALS GROUPS CLASSIFIED AS HELD FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS

Any gain or loss on the re-measurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation.

63 OTHER INCOME

Report all operating income not already included, e.g. earned rent on buildings, in accounts 61 and 62.

64 PERSONNEL EXPENSES

Reference is made to the applicable IFRS.

Exclude

Amounts paid for external professional services, such as legal, management, auditing, IT and investment consultancy must be reported in account 69 "Other Operating Expenses".

65 OCCUPANCY EXPENSES

Include

a) Expenses incurred for operating and occupying fixed assets, such as bank premises, and machinery and equipment.
b) Normal and recurring depreciation charges applicable to the current period on buildings, automobiles, furniture and fixtures and computers.
c) Premium paid for fire and other property insurance.
d) Ordinary repairs, and maintenance of bank premises, fixed assets, household improvements that were not capitalized as assets and of machinery and equipment in respect of operational lease.
e) Utility expenses.

66 PROVISION FOR / (RECOVERIES FROM) LOAN LOSSES

The net amount (additions minus any recoveries) of provisions made for identified losses on the loan portfolio (specific provision).

67 IMPAIRMENT

Report any impairment losses on financial assets based on the impairment requirements of IFRS.

69 OTHER OPERATING EXPENSES

Report all operating expenses not already included in accounts 64 through 67, such as:

a) Amounts paid for external professional services such as legal, management, auditing, and investment consultancy.
b) Premiums for insurance policies naming the institution as beneficiary.
c) Legal expense resulting from litigations.

d) Sponsorship of any organization, such as athletic team and soccer team.
e) Other taxes.
f) All other operating expenses.

4.2.4 CLASS 7: NON-CONTROLLING INTEREST, TAXES AND NET INCOME

The accounts in Class 7 comprise non-controlling interest in the profits or losses of consolidated subsidiaries, applicable profit taxes, and net income for the current period.

71 NON-CONTROLLING INTEREST IN PROFIT/ (LOSS) OF CONSOLIDATED SUBSIDIARIES

Report the proportionate share that any non-controlling shareholders have in the net income/ (loss) of the subsidiaries which have been consolidated.

72 NET INCOME AFTER NON-CONTROLLING INTEREST

Report the total of Class 6 less account 71.

73 APPLICABLE PROFIT TAXES

Report the total taxes due on profits earned.

79 NET INCOME FOR THE CURRENT PERIOD

Comprises the total net income for the current period up to the reporting month, before deducting interim dividend. It is calculated as the total of account 72 less account 73.

4.3 CONTINGENT LIABILITIES

4.3.1 CLASS 8: CONTINGENT LIABILITIES

This class contains obligations of the reporting institution which are conditioned upon the occurrence or non-occurrence of an event, and liabilities which depend upon future and predictable facts.

Include

a) 8100 Guarantees issued;
b) 8200 Risk participations;
c) 8300 Repo-style transactions;
d) 8400 Note issuance facilities and revolving underwriting facilities;
e) 8500 Commitments;
f) 8600 Pending litigation;

g) 8700 Performance related contingencies; and
h) 8900 All other contingent liabilities.

81 GUARANTEES ISSUED

This account reflects the reporting institution's potential liability vis-à-vis the issuance of guarantees in favor of individuals or business enterprises, as well as guarantees issued on commercial paper on behalf of the issuing company.

Include

a) Direct credit substitutes: direct credit substitutes include guarantees or equivalent instruments backing financial claims. With a direct credit substitute, the risk of loss to the reporting institution is directly dependent on the creditworthiness of the counterparty.
b) Standby letters of credit: a letter of credit that represents an obligation by the issuing reporting institution vis-à-vis a designated third party (the beneficiary), that is contingent on the failure of the reporting institution's customer to perform under the terms of a contract with the beneficiary.
c) Contingent liabilities arising from trade-related obligations which are secured against an underlying shipment of goods for both issuing and confirming reporting institutions. These include documentary letters of credit issued, acceptances on trade bills, shipping guarantees issued and any other trade-related contingencies.

82 RISK PARTICIPATIONS

Risk participations constitute guarantees by the originating institution such that, if there is a default by the underlying obligor, it will indemnify the selling institution for the full principal and interest attributable to them.

Include

a) Risk participations in bankers' acceptances.
b) Risk participations in financial standby letters of credit.

83 REPO-STYLE TRANSACTIONS

Reflects the sale of securities coupled with an agreement to repurchase the securities at a higher price at a later date.

Include

a) Sale and repurchase agreements: a transaction that involves the sale of a security or other asset with the simultaneous commitment by the seller that, after a stated period of time, the seller will repurchase the asset from the original buyer at a pre-determined price.
b) Reverse repurchase agreements: consists of the purchase of a security or other asset with the simultaneous commitment by the buyer that, after a stated period of time, the buyer will resell the asset to the original seller at a pre-determined price.
c) Assets sales with recourse[4]: include any asset sale by a reporting institution where the holder of the asset is entitled to "put" the asset back to the reporting institution within an agreed period or under certain prescribed circumstances, e.g. deterioration in the value or credit quality of the asset concerned.
d) Lending of reporting institution's securities: these include securities lending/borrowing transactions.

84 NOTE ISSUANCE FACILITIES AND REVOLVING UNDERWRITING FACILITIES

1. A Note Issuance Facility (NIF), represents an arrangement whereby a borrower may issue short-term notes, typically three to six months in maturity, up to a prescribed limit over an extended period of time, commonly by means of repeated offerings to a tender panel. If at any time the notes are not sold by the tender at an acceptable price, an underwriter (or group of underwriters) undertakes to buy them at a prescribed price.
2. A Revolving Underwriting Facility (RUF) represents a medium-term facility, usually between three and seven years maturity, that guarantees the overseas sale of short-term promissory notes issued by the borrower at or below a predetermined interest rate. The revolving credit portion of a RUF is usually done through a single bank, known as the arranger. The revolving credit banks agree to purchase any unsold notes as a given Eurodollar spread over LIBOR. The borrower pays interest only on amounts actually drawn.

85 COMMITMENTS

Report the total amount of undisbursed commitments made to grant loans directly to borrowers or to purchase loans from third parties.

Include

[4] These items are to be weighted according to the type of asset and not according to the type of counterparty with whom the transaction has been entered into.

a) Forward assets purchased: a commitment to purchase a loan, security, or other asset at a specified future date, usually on prearranged terms. It does not include a spot transaction that is contracted to settle within the normal settlement period.
b) Forward forward deposits: an agreement between two parties whereby one will pay and other receive an agreed rate of interest on a deposit to be placed by one party with the other at some pre-determined date in the future. Such deposits are distinct from future forward rate agreements in that, with forward/forwards, the deposit is actually placed.
c) Partly-paid shares and securities: transactions where a part of the issue price or notional face value of a security purchased has been subscribed and the issuer may call for the outstanding balance (or a further installment), either on a date pre-determined at the time of issue or at an unspecified future date.
d) Commitments (e.g. undrawn formal standby facilities and credit lines) with an original maturity over 1 year.
e) Commitments (e.g. undrawn formal standby facilities and credit lines) with an original maturity up to 1 year.
f) Commitments unconditionally cancelable at any time by the reporting institution without prior notice.
g) Commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.

86 PENDING LITIGATIONS

Represents the total of all reasonably estimated amounts for which a judgment against the reporting institution appears probable.

87 PERFORMANCE RELATED CONTINGENCIES

Represents contingent liabilities that involve an irrevocable obligation to pay a third party in the event a counterparty fails to fulfill or perform a contractual non-monetary obligation, such as the delivery of goods by a specified date (i.e. the risk of loss depends on a future event which need not necessarily be related to the creditworthiness of the counterparty involved).

Examples would include the issuance of:

a) Performance bonds;
b) bid bonds;
c) warranties;

d) indemnities; and
e) standby letters of credit in relation to a non-monetary obligation of a counterparty under a particular transaction.

89 ALL OTHER CONTINGENT LIABILITIES

Include

a) All other categories of contingent liabilities which cannot be reported under one of the accounts 81 through 87.
b) Commitments to purchase investments or intangible assets such as mortgage servicing rights.

5 SUB-REPORTS I AND II

5.1 INTRODUCTION

In view of the CBA's responsibility for monetary and prudential supervision, reporting institutions should periodically submit to the CBA the sub-reports I and II as set out in this chapter.

5.2 SUB-REPORT I: BREAKDOWN GOVERNMENT RESIDENT ACCOUNTS

5.2.1 OBJECTIVE

The Sub-report I provides a breakdown of the government resident accounts contained in the submitted balance sheet. The information is for monetary purposes.

5.2.2 SCOPE AND FREQUENCY

Each reporting institution should submit this sub-report monthly on a consolidated basis with respect to the above-mentioned exposures. The amounts should be reported gross (this is before deducting specific provisions).

5.2.3 INSTRUCTIONS

5.2.3.1. Reporting Instructions

In Sub-report I: Breakdown government resident accounts.

<u>Include in the columns</u>

1. All amounts due from and due to the government sector that are contained in the relevant items of the balance sheet.
2. Land Aruba includes the departments, branches and agencies.
3. Other government units N.I.E., include foundations, institutions, other NPI's controlled and mainly financed by the government, and other publicly controlled organizations engaging in non-market activities (excluding SVB, AZV, FDA, and ATA).

5.3 SUB-REPORT II: MORTGAGES

5. 3.1 OBJECTIVE

The Sub-report II provides a breakdown of the outstanding mortgages contained in the balance sheet item 1403 000 "Mortgages". Sub-report II consists of four parts: A, B, C and D. Parts A, B and C serve both monetary as well as prudential purposes, while part D only serves prudential purposes.

5. 3.2 SCOPE AND FREQUENCY

Each reporting institution should submit all parts of sub-report II monthly on a consolidated basis. Sub-report II should cover the institution's worldwide consolidated operations. Each mortgage amount should be reported in only one of the sub-report II parts A, B or C. In addition, sub-report II part D must also be filed, and includes each mortgage amount that meets the criteria of residential mortgage loans described in attachment E "Residential mortgage loans (qualification criteria)".

The amounts should be reported gross (this is before deducting specific provisions).

5. 3.3 INSTRUCTIONS

5.3.3.1. Reporting Instructions

Sub-report II part A: Mortgages for purchase of real estate.

<u>Include</u>

a) The outstanding mortgage loans, contained in item 1403 000 of the balance sheet, and which are/were used for the purchase (ownership) of real estate property.

Sub-report II part B: Mortgages construction loans.

<u>Include</u>

a) The outstanding mortgage loans, contained in item 1403 000 of the balance sheet, that meet the definition of mortgage construction loans (see below).

Sub-report II part C: Mortgages other loans

<u>Include</u>

All other outstanding mortgages loans, contained in item 1403 000 of the balance sheet, and not already reported in the above sub-report II parts A and B.

Sub-report II -part D: Mortgages meeting the qualification criteria.

<u>Include</u>

The reported amounts in sub-report II parts A, B and C that meet the criteria of residential mortgage loans described in attachment E *"Residential mortgage loans (qualification criteria)"*.

Subdivide the total amount of mortgages meeting the qualification criteria into:

a) Mortgages with Loan-to-Value ratios up to and including 50%.
b) Mortgages with Loan-to-Value ratios between 50% up to and including 70%.

Other instructions

1. The information under part D is captured in SS 1C "Risk-weighted assets – Standardized credit risk".
2. The total mortgages reported in parts A, B and C should equal the balance of item 1403 000 "Mortgages".

5.3.4. DEFINITIONS

The following definitions apply to sub-report II part B.

Mortgage construction loans can be defined as follows:

a) All loans secured by real estate and made to finance:
   - land development;
   - the construction of industrial, commercial, residential, farm and government buildings; and
   - additions and/or alterations to existing abovementioned land and buildings.
b) All loans secured by real estate where the proceeds will be used to acquire and improve undeveloped property, and whose development, construction, and improvement have not been completed.

When the structure (development, construction, and improvement) is completed the reporting institution should cease the reporting of the loan in sub-report II part B. However, the loan should continue to be classified and reported as a mortgage loan in item 1403 000 "Mortgages" of the balance sheet if its meet the criteria of a mortgage, and in the other relevant parts (A and C) of sub-report II.

6 SUPPORTING SCHEDULES FOR PRUDENTIAL SUPERVISION

6.1 SUPPORTING SCHEDULES FOR PRUDENTIAL SUPERVISION

The supporting schedules "SSs" comprise:

a) the supporting schedules related to capital adequacy;

b) the supporting schedules related to liquidity: and

c) other supporting schedules.

6.1.1 SUPPORTING SCHEDULES RELATED TO CAPITAL ADEQUACY

6.1.1.1 Capital adequacy

The supporting schedules related to capital adequacy comprise:

a) SS 1A Capital Adequacy Ratio (CAR)

b) SS 1B Capital

c) SS 1C Risk-Weighted Assets Standardized Credit Risk

d) SS 1D Risk-Weighted Assets Standardized Credit Risk - Contingent Liabilities

e) SS 1E Risk-Weighted Assets Standardized Credit Risk - Derivatives Contracts

f) SS 1F-1 Risk-Weighted Assets Basic Indicator Approach - Operational Risk

g) SS 1F-2 Risk-Weighted Assets Standardized Approach - Operational Risk

h) SS 1F-3 Risk-Weighted Assets Alternative Standardized Approach - Operational Risk

i) SS 1G Market Risk Standard Method Summary

j) SS 1H-1 Market Risk Standard Method Interest Rate Risk - Specific risk

k) SS 1H-2 Market Risk Standard Method Interest Rate Risk - General Market risk

l) SS 1H-3 Market Risk Standard Method Interest Rate Risk - General Market risk (summary)

m) SS 1I-1 Market Risk Standard Method Equity Position Risk (per national market - country)

n) SS 1I-2 Market Risk Standard Method Equity Position Risk (summary)

o) SS 1J Market Risk Standard Method Foreign Exchange Risk

p) SS 1K Market Risk Standard Method Commodities Risk - Simplified approach

q) SS 1L Market Risk Standard Method Options Risk - Simplified approach

r) SS 4 Due from / Due to Unconsolidated Affiliates

s) SS 6 Large Exposures

6.1.1.2 Objective

The above-mentioned SSs are part of the framework through which the CBA's assesses whether a reporting institution maintains an adequate capital ratio pursuant to article 13 of the SOSCS. In addition, the provisions in these SSs are based on Basel II, the CBA's choices with regard to National Discretion as set out in attachment C "*National Discretion*", and the CBA's supervisory directives on restrictions on credit extension to principal shareholders, supervisory directors, executive officers (and their related interests and immediate family) and related/affiliated companies; and large exposures to a group of connected clients.

6.1.1.3 General instructions

Some of the terms or expressions that are used in the instructions of the above-mentioned SSs are explained below.

1. Claim

For risk based capital purposes, the term "claim" refers to the reporting institution's outstanding loans, securities issued, balances due from, accrued interest receivable, and all its other claims against the various entities with which it conducts business.

2. ECAI ratings

In determining the applicable risk grades and risk weights in SS 1C to calculate the risk weighted assets in accordance with the standardized approach, reporting institutions shall use available assessments (credit ratings) by external credit assessment institutions (ECAIs) recognized by the CBA as eligible for capital adequacy purposes. These assessments are referred to as ECAI ratings[5]. The ECAIs recognized by the CBA are set out in attachment B "*Credit Ratings and Eligibility Criteria ECAI*". In the absence of an assessment, the "Unrated" assessment will apply. A reporting institution may only (upon receipt of the CBA's prior approval), where appropriate, use the credit ratings of other ECAIs to determine the risk grade and risk weight of an exposure. In order for an institution to be recognized by the CBA as an ECAI, it must satisfy the eligibility criteria mentioned in attachment B.

[5] The notations in the instructions follow the methodology used by one institution, Standard & Poor's. The use of Standard & Poor's (S&P) credit ratings is an example only; S&P is amongst the ECAI recognized by the CBA. The credit ratings of these ECAI may equally be used. The ratings used throughout this document, therefore, do not express any preferences or determinations on external assessment institutions by the CBA nor the Basel Committee.

3. Risk grades

For risk weighting purposes, ECAI credit ratings are mapped to risk grades as set out in attachment B.

4. Risk weights

The risk grades correspond to risk weights which are applied on exposures and counterparties as set out in the instructions of SS 1C. Each reporting institution must apply risk weights to its on-balance sheet assets, off-balance sheet exposures and derivatives in accordance with the risk assets set out in these instructions for regulatory capital purposes. The risk weights are aligned with the likelihood of counterparty default.

5. National Discretion

The Basel Committee has included in the Basel II framework a number of areas where national supervisors have discretion to tailor the capital requirement to best suit their particular markets and prudential approaches (the so called "National Discretion"). Based thereon, the CBA has chosen from the National Discretions available under the standardized approach to credit risk, operational and market risk the options that it will allow. Refer to attachment C for the CBA's National Discretion.

6.1.2 SUPPORTING SCHEDULES RELATED TO LIQUIDITY

6.1.2.1 Liquidity

The supporting schedules related to liquidity comprise:

a) SS 2A Liquidity Report
b) SS 2B Prudential Liquidity Ratio and Loan-to-deposit Calculation sheet
c) SS 2C Pledged Assets
d) SS 9A Maturity Gap Analysis
e) SS 10 Large Depositors
f) SS 12 Gross to Net Balances

6.1.2.2 Objective

The abovementioned SSs are part of the framework through which the CBA assesses whether a reporting institution maintains adequate liquidity levels pursuant to article 14 of the SOSCS.

6.1.3 OTHER SUPPORTING SCHEDULES

6.1.3.1 Other

The other supporting schedules comprise:

a) SS 3 Claims and liabilities with other Depository Corporations and Financial Institutions
b) SS 4 Due from/due to Unconsolidated Affiliates
c) SS 5A Breakdown of loans granted by collateral type
d) SS 5B Credit extension to principal shareholders, supervisory directors, managing directors, related/affiliated companies and employees
e) SS 6 Large exposures
f) SS Current account overdrafts
g) SS 8 Allocated Loans loss provisions
h) SS 8A Explanation for large variances on non-performing loans
i) SS 9B Interest Rate Repricing
j) SS 11 Country Risk Exposure
k) SS 11A Foreign Exchange Exposure Summary
l) SS 13 Reserve Requirement
m) SS 14 Net Foreign Assets
n) SS 15A Domestic Loans and Acceptances
o) SS 15B New Domestic Loans and Acceptances
p) SS 15C Foreign Loans and Acceptances
q) SS 16 New Domestic Loans by Type and Acceptances
r) SS 17 Credit Cards and Car Loans
s) SS 18 Maturity of Time Deposits
t) SS 19 Savings Deposits
u) SS 20A Interest Rates on New Loans
v) SS 20B Interest Rates on New Deposits

6.1.3.2 Objective

The abovementioned SSs are part of the framework through which the CBA assesses other aspects of a reporting institution's operation pursuant to article 15 of the SOSCS.

6.2 SUPPORTING SCHEDULE 1A: CAPITAL ADEQUACY RATIO (CAR)

6.2.1 OBJECTIVE

1. SS1 A provides an overview of the reporting institution's total capital base and aggregate risk weighted assets (RWA) and the calculation of the institution's capital adequacy ratio (CAR).
   The information serves for determining if the reporting institution meets the minimum required CAR set by the CBA.
2. The CBA may require a reporting institution to maintain a higher CAR.

6.2.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.2.3 INSTRUCTIONS

<u>Include in row</u>

10. Total Capital Base	in column B, the total capital base amount calculated in SS 1B "*Capital*".
20. Total *RWA* for Credit Risk	in column A, the total credit RWA amount calculated in SS 1C "*Risk Weighted Assets Standardized Credit Risk* ".
30. Total *RWA* for Operational Risk	in column A, the total RWA equivalent amount for operational risk calculated in the SSs 1F-1, 1F-2 or 1F-3.
40. Total *RWA* for Market Risk	in column A, the total RWA equivalent amount for market risk calculated in SS 1G "*Market Risk Standard Method Summary*".
50. Aggregate RWA	in column B, the aggregate of all abovementioned total RWA (equivalent) amounts of rows 20 through 40.
60. *CAR* percentage	in column B, the CAR percentage. This is calculated by dividing the amount included in row 10 by 1% of the amount included in row 50.
70. Aggregated RWA previous	in column A, the total RWA of the previous reporting period.

6.2.4 EXAMPLES ON SS 1A

Example 4.2 on calculating and reporting of the CAR and related SSs is included in the CoA manual (CoA Reports and Example document).

6.3 SUPPORTING SCHEDULE 1B: CAPITAL

6.3.1 OBJECTIVE

SS 1B provides an overview of the reporting institution's total capital base. The total capital base serves for calculating the reporting institution's capital adequacy ratio (CAR) in SS 1A "*Capital Adequacy Ratio*".

6.3.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.3.3 INSTRUCTIONS

6.3.3.1 General instructions

The following capital components are subject to the limits set out below. Each reporting institution should observe the limits after applying the deductions, set out in these instructions, from tier 1 and tier 2 capital. The limits are subject to changes by the CBA based, amongst other, on developments in the relevant international standards:

a) net tier 1 capital should constitute at least 75% of the reporting institution's required total capital base;
b) net tier 2 capital is limited to a maximum of 100% of the reporting institution's net tier 1 capital; and
c) total subordinated debentures and limited life redeemable preference shares is limited to a maximum of 50% of net tier 1 capital.

6.3.3.2 Reporting instructions

1 Guidance on columns 1 -3

<u>Column 1: Amount</u>

Report the amount of the on-balance sheet items as set out further below .

<u>Column 2: %</u>

Represents the pre-defined percentage by which the amount in column 1 will be converted to a capital base amount.

<u>Column 3: Capital base</u>

The capital base is a derived field that is calculated by multiplying the amount in column 1 by the percentage in column 2.

2 Total Capital Base

The total capital base is the sum of the following capital components:

a) Net Tier 1 capital; and

b) Net Tier 2 capital.

2.1 Net Tier 1 Capital

Net Tier 1 capital comprises Tier 1 capital less the deductions set out in the following paragraphs.

2.1.1 Tier 1 Capital

Include the following capital components that make up Tier 1 capital in the following rows:

10. Report the total share capital of item 3101 000.
20. Report the total share premium of item 3102 000.
30. Report the total other reserves of item 3104 000.
40. Report the total retained earnings of item 3105 000.
50. Report the total non-controlling interest of account 32.

Non-controlling interest should not be included in the calculation of Tier 1 capital and the total capital base in the event the capital from such interests is not readily available to other group entities of the reporting institution.

2.1.2. 100% Deductions

The total amount of the following items should be deducted from Tier 1 capital.

<u>Include</u> these amounts in parenthesis ( ) in the following rows:

70. **Goodwill**

Goodwill does not qualify for Tier 1 capital and therefore the amount reported under item 1901 01 should be included in this item.

80. **Intangible assets with (de)finite useful lives**

Report the amount of intangible assets with (de)finite useful lives of item 1901 021 and 1901 022. Intangible assets do not qualify for Tier 1 capital and should be included in this item.

90. **Disallowed deferred tax assets**

Report the amount of item 1905 "Deferred tax assets" (DTA) net of item 2605 100 "Deferred tax liabilities" (DTL). DTA net of DTL does not qualify for Tier 1 capital and should be included in this item. Where the amount of DTL exceeds the amount of DTA, the deduction amount for this item is zero. The excess cannot be added to Tier 1 capital.

100/110. **Disallowed unrealized gains on Financial Assets/Liabilities measured at fair value**

Report the amount of unrealized gains on Financial Assets or Liabilities measured at fair value of item 6201 210/6202 210. For prudential reasons, reported unrealized gains on Financial Assets measured at fair value do not qualify for tier 1 and should be included in this item.

120. **Shortfall in Tier 2 capital**

Report the excess amount set out in paragraph 2.2.3 below.

<u>(Basel II paragraph 37)</u>

2.1.3 <u>50/50 deductions of (significant) investments:</u>

50% of the total amount of any of the (significant) investment exposures mentioned below should be deducted from Tier 1 capital**.**

Include aforementioned total amount in minus in the following rows and apply 50% thereon.

The remaining 50% of the aforementioned total amount should be deducted from Tier 2 capital, as set forth in paragraph 2.2.3.

<u>(Basel II paragraph 28)</u>

130/140. **Significant minority investments in banking, securities and other financial entities**

Report the significant minority investments in banking, securities and other financial entities where control does not exist. These investments should be excluded from the institution (banking) group's capital by deducting the equity and other regulatory investments.

<u>Specific note</u>

The threshold between which the CBA deems the minority investments as significant is defined as an equity interest between 20% and 50%.

(Basel II paragraph 29)

150. **Reciprocal crossholdings to artificially inflate the capital position**

Report the reciprocal crossholdings of bank capital. Such holdings which are artificially designed to inflate the capital position of a reporting institution should be deducted for capital adequacy purposes.

(Basel II paragraph 30)

160/170. **Insurance entities**

Report the reporting institution's equity and other capital investments in insurance subsidiaries and significant minority investments (equity interests between 20% and 50%) in insurance entities.

Specific note

A reporting institutions that owns an insurance subsidiary bears the full entrepreneurial risks of the subsidiary and should recognize on a group-wide basis the risks included in the whole group. When measuring regulatory capital of reporting institutions, the abovementioned equity and other regulatory capital investments and significant minority investments must be deducted.

(Basel II paragraph 35)

180. **Significant investments in commercial entities**

Report the significant minority investments (being equity interests between 20% and 50%) and majority investments in commercial entities which exceed the following materiality levels:

a) 20% of the institution's capital for individual significant investments in commercial entities; or
b) 50% of the institution's capital for the aggregate of such investments.

Specific note

Significant minority investments comprise equity interests between 20% and 50%. The amount to be deducted is that portion of the investment that exceeds the materiality levels mentioned above. In case both materiality levels arise, the reporting institution should apply the largest deduction. The (remaining) amount of investments in significant minority- and majority-owned and –controlled commercial entities below abovementioned materiality levels should be risk weighted at no lower than 100%.

2.2 Tier 2 Capital

Net Tier 2 capital comprises Tier 2 capital less the "prudential filters" and deductions set out in the following paragraphs below. Include the following capital components that make up Tier 2 capital in the following rows.

210/220. **Revaluation and regulatory reserves**

Report the total amounts of items 3103 100 and 3103 200, "Revaluation Reserves" and "Regulatory Reserves" respectively.

Specific note

The amount of regulatory reserves (provision for general risks) should equal at least to 2% of the risk-weighted assets. Reference is made to the CBA's supervisory directive III.4 "Provision for general risks".

230/270. **Subordinated debentures and limited life redeemable preference shares Qualifying as Tier 2 Capital**

Report the portions of subordinated debt and limited life redeemable preference shares that qualify as secondary capital. Mandatory convertible debt, i.e. equity contract notes, is not considered a limited life capital instrument for risk based capital purposes and should be excluded from this item.

Note

Qualifying subordinated debt and limited life redeemable preference shares (including any related surplus) must have an original maturity of at least five years in order to qualify as Tier 2 Capital.

The amount of subordinated debt and limited life redeemable preference shares that remains after discounting, and may be included in Tier 2 capital is limited to 50 percent of Tier 1 capital. The amount to be included may constitute one or more of the following qualifying parts:

	The subordinated debt and limited life redeemable preference shares with a remaining maturity of:	**Amount of subordinated debt and limited life redeemable preference shares eligible for inclusion in tier 2 capital:**
A	More than five years	100%
B	Less than and including five but more than four years	80%
C	less than and including four but more than three years	60%
C	less than and including three but more than two years	40%
D	less than and including two but more than one year	20%
E	less than one year	0%

2.2.1 Prudential Filters / Adjusted Tier 2 Capital

The prudential filters are deducted from Tier 2 capital, resulting in an adjusted Tier 2 capital.

Include the following amount of prudential filters in the following rows

300. The deduction of the revaluation of property, plant and equipment;
310. The deduction of the revaluation of intangible assets with indefinite useful life.
320. The deduction of the revaluation of investment property.
330. The deduction of the disallowed unrealized reserves for Available for Sale Investments.
340. The deduction of the changes in fair value of equity investments measured at fair value that is not held for sale.
350. The elimination of the changes in fair value of financial liabilities measured at fair value, attributable to changes in credit risk.
360. The accumulated net gains or losses on cash flow hedges to be neutralized by:
    a) deducting the accumulated net gains/unrealized gains; and
    b) adding back the accumulated net losses/unrealized losses.

2.2.2 50/50 deductions of (significant) investments

(Basel II paragraphs 28, 29, 30, 35, 37)

The (significant) investments which should be deducted from Tier 2 capital comprise the remaining 51 % of the total amount of the (significant) investments exposures, set out in paragraph 2.1.3.

Include the total amount of the aforementioned (significant) investments in row 390 and apply 51 % thereon. If the abovementioned remaining 51% of the total amount of the (significant) investments exposure exceeds the reporting institution's adjusted Tier 2 capital, the institution must report the excess amount in row 120 "Shortfall in Tier 2cCapital" and deduct that amount from Tier 1 capital (see paragraph 2.1.2).

2.3 Deduction from total capital

Any excess of the 2% limit on the credit extensions to insiders must be deducted from total capital. In this regard, reference is made to the CBA's supervisory directive III.3 "Credit extensions to Insiders" and SS 5B "Credit extension to principal shareholders, supervisory directors, executive directors, related and affiliated companies and, employees".

2.4 Total Capital Base

The Total Capital Base is the derived field calculated as the sum of the abovementioned Net Tier 1 and net Tier 2 capital. The total amount should also be captured in SS 1A "*Capital Adequacy Ratio (CAR)*".

6.3.4 EXAMPLES ON SS 1B

An example on SS 1B is contained in the worked example 4.2 on SS 1A in the CoA manual (CoA Manual Examples document).

6.4 SUPPORTING SCHEDULE 1 C: RISK-WEIGHTED ASSETS STANDARDIZED CREDIT RISK

6.4.1 OBJECTIVE

SS 1C provides an overview of the reporting institution's total risk weighted assets (RWA) relating to the credit risk contained in its on balance sheet assets, including derivatives and contingent liabilities under the standardized approach. The calculated RWA together with the data gathered through the SSs for operational and market risk serve for calculating the reporting institution's CAR in SS 1A "*Capital Adequacy Ratio (CAR)*".

6.4.2 SCOPE AND FREQUENCY

Each reporting institution should file this CoA report monthly on a consolidated basis.

6.4.3 INSTRUCTIONS

6.5.3.1 General instructions

1. Terminology and reference paragraphs Basel II

For reference purposes, the terminology used in the Basel II document is used in the instructions of SS 1C. In addition, reference paragraphs of the Basel II document are also indicated. Where relevant, the corresponding abbreviations of the sectors used in this CoA manual are also provided.

2. Derivative positions

The balance sheet value of derivatives positions in the consolidated balance sheet should not be included in the calculation of risk weighted assets of on-balance sheet items. Counterparty risk on derivatives is included separately in the calculation of risk weighted assets for off-balance sheet items as set out in paragraph 6.6.3 of the instructions related to SS 1E "*Risk Weighted Assets Standardized Credit Risk Derivatives Contracts"*.

3. Past due and other classified loans

These loans are reported separately under paragraph 6.5.3.2., sub 2.18 "Past due loans". All the other claims are reported and risk weighted as set out under the other paragraphs.

4. Exclude

All assets and investments in banking and other institutions which are deducted from Tier 1 and/or Tier 2 capital, as set out in the instructions of SS 1B "*Capital*", should be excluded from the scope of this SS 1C.

6.5.3.2 Reporting instructions

1. Guidance on columns 1 to 3

Include in the column:

1. Exposures

   All on-balance sheet assets at their current outstanding amount including accrued interest or revaluations, and net of any specific provisions, allowance for impairment or associated depreciation.

2. Risk weights %

   The column includes pre-defined risk weight percentages. The use of the weights and meaning are further set out below.

3. Risk-Weighted assets (RWA)

   The RWA amounts are derived by multiplying the reported amounts of columns 1 with the predefined risk weight percentages of column 2.

2. Reporting instructions for RWA

The reporting instructions, the risk weights for deriving the RWA and the issues subject to National Discretion[6] are set out below.

2.1. Account 11: Cash and Deposit Balances

2.1.1 *Cash and due from Central Bank and ODCs* *Risk weight*

Include *0 %*

In row 10, the total amount of items 1101 000, 1102 000 and 1103 000.

[6] Basel II provides that national supervisory authorities may apply different risk weights in certain cases, compared to the general prescribed risk weightings, the so called "National discretion". The CBA's decisions thereon are indicated throughout this section on risk weighted assets and/or in the footnotes. A summary of the National Discretion and the CBA's decision thereon are contained in attachment C "*National Discretion*".

2.1.2 *Gold bullion* *Risk weight*

Include 0%

In row 20, the amount of gold bullion, reported in item 1109 000, and held in the reporting institution's own vaults or on an allocated basis by another party to the extent that it is backed by gold bullion liabilities.

(Basel II paragraph 81 footnote 32)

2.1.3 *Cash items in process of collection and other cash items* *Risk weight*

Include *20%*

In row 30, the total amount of item 1104 000, and the remaining amount of item 1109 000.

2.2. Account 12: Interbank Funds-Sold *Risk weight*

Include *20%*

In row 50, the total amount of account 12.

(Basel II paragraph 54)

2.3. Claims on the Aruban Government and the Central Bank *Risk weight*

Include 0%

In row 60, subject claims (accounts 13, 14 and 15) held in the banking book, denominated in Aruban Florin and funded in that currency.

(Basel II paragraph 53)

2.4. Claims on foreign Governments/ Sovereigns (GOVs) and their Central Banks (CBs)

Include

In the relevant rows 70 - 120, subject claims (accounts 13, 14 and 15) held in the banking book, except for those set out in the following paragraphs 2.5 and 2.6. The claims will be risk weighted as follows[7]:

Credit Assessment	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Risk Weight	0%	20%	50%	100%	150%	100%
Risk grade	1	2	3	4	5	6

[7] See paragraphs 6.2.1.3 of chapter 6 for the explanation on the risk grades and risk weights.

(Basel II paragraph 55)

2.5. Claims on foreign Governments/Sovereigns (GOVs) with only Export Credit Agencies (ECAs) risk scores

Include

In the relevant rows 130 - 170, subject claims (accounts 13, 14 and 15) held in the banking book, in case the foreign governments/sovereigns only have country risk scores assigned by ECAs. The CBA recognizes such ECAs and their scores, provided the ECA qualifies. To qualify, an ECA must publish its risk scores and subscribe to the OECD agreed methodology. Reporting institutions should use the consensus risk scores of ECAs participating in the "Arrangement on Officially Supported Export Credits".[8] The OECD agreed methodology establishes eight risk score categories associated with minimum export insurance premiums. These scores will correspond to the following risk weight categories:

ECA risk scores	0-1	2	3	4-6	7
Risk weight	0%	20%	50%	100%	150%

(Basel II paragraph 54)

2.6. Claims on foreign Governments/ Sovereigns (GOVs) and their CBs in their foreign domestic currencies

Include

In the relevant rows 180 - 230, subject claims (accounts 13, 14 and 15), held in the banking book, which are denominated and funded in the foreign jurisdiction's domestic currency, in the following case. Where competent national foreign supervisory authorities of subject entities exercise such national discretion, as set out in this section in the above paragraph 2.3 (i.e. applying a lower risk weight to banks' claims on their government/sovereign or central bank of incorporation, denominated and funded in their domestic currency), the CBA also permits[9] reporting institutions to apply the same lower risk weight to subject claims. In such case, the reporting institution should have obtained and documented relevant current information that the foreign authority exercises such national discretion.

[8] The consensus country risk classification is available on the OECD's website (http://www.oecd.org) in the Export Credit Arrangement web-page of the Trade Directorate.

[9] Based on National Discretion, reference is made to attachment C.

Note

The reason for the CBA to also permit reporting institutions to apply the same lower risk weight, as set out above, is based on the following. Basel II paragraph 54 provides national supervisory authorities' National Discretion (ND) to allow a lower risk weight (RW) on the abovementioned domestic claims denominated and funded in the domestic currency. In addition, Basel II paragraph 54 allows the application of ND on such foreign claims held by the reporting institution, if the relevant foreign supervisory authority's requirements based on ND have set a lower RW for such claims in its jurisdiction. This criteria is based on the following sentence in paragraph 54 of the Basel II document: "Where this discretion is exercised, other national supervisory authorities may also permit their banks to apply the same risk weight to domestic currency exposures to this sovereign (or central bank) funded in that currency."

(Basel II paragraph 56 and 59)

2.7. Claims on international (banking) agencies, the European Community and highly rated Multilateral Developments Banks *Risk Weight*

Include *0%*

In row 240, all claims (accounts 13, 14 and 15) held in the banking book, on:

a) the Bank for International Settlements (BIS);
b) the International Monetary Fund (IMF);
c) the European Central Bank (ECB);
d) the European Community (EC); and
e) highly rated Multilateral Development banks (MDBs).

The 0% risk weight on claims on highly rated MDBs applies only on MDBs that meet the eligibility criteria set out in attachment D "*Highly rated Multilateral Development Banks (MDBs)"*. The CBA will continue to evaluate the MDBs eligibility on a case-by-case basis.

(Basel II paragraph 59)

2.8. Claims on Multilateral Development Banks (MDBs)

Include

In the relevant rows 250 - 300, subject claims (accounts 13, 14 and 15) held in the banking book. The applicable risk weights will be based on the external credit assessments as set out under claims on banks in paragraph 2.10 (but without the use of the preferential treatment as set out in paragraph 2.11) as follows:

Credit assessment of MDBs	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Risk weight	20%	50%	50%	100%	150%	50%
Risk grade	1	2	3	4	5	6

(Basel II Paragraph 58)

2.9. Claims on (non-commercial) government public sector entities (PSEs) *Risk weight*

Include *0 %*[10]

2.9.1 In row 60, subject claims (accounts 13, 14 and 15), held in the banking book, related to non-commercial PSEs of the Aruban government, and denominated and funded in the domestic currency.

(Basel II paragraph 57)

2.9.2 In the relevant rows 250 - 300, all other subject claims (accounts 13, 14 and 15), held in the banking book, related to non-commercial PSEs of the Aruba government in foreign currency. These claims are risk weighted, according to the risk weighting for claims on banks[11], as set out in paragraph 2.11 (without the use of the preferential treatment for short-term claims).The following risk weights apply:

Credit assessment of domestic PSEs	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Risk weight under Option 2	20%	50%	50%	100%	150%	50%
Risk grade	1	2	3	4	5	6

(Basel II paragraph 58)

2.9.3 Include in the relevant rows 180 - 230, subject claims (accounts 13, 14 and 15) on certain foreign PSEs, held in the banking book, related to non-commercial PSEs, in the following case[12]. Where competent national foreign supervisory authorities exercise such national discretion as set out above in paragraph 2.9.1 (i.e. treatment of claims on certain of their PSEs as claims on the sovereign in whose jurisdiction the PSEs are established), the CBA allows supervised institutions to risk weight claims on such foreign PSEs in the same manner. In such case the reporting institution should have obtained and documented current

[10] Based on National Discretion, reference is made to attachment C.
[11] Based on National Discretion, reference is made to attachment C.
[12] Based on National Discretion, reference is made to attachment C.

information that the national foreign supervisory authority exercises such national discretion, and the risk weight applied by that supervisor.

(Basel II paragraphs 60-63)

2.10. Claims on banks (ODCs), with an original maturity of more than 3 months

Include

In the relevant rows 250 - 300, subject claims (accounts 13, 14 and 15) held in the banking book. The CBA chose to apply option 2[13] for such claims. This second option bases the risk weighting on the external credit assessment of the ODC itself with claims on unrated ODCs being risk weighted at 50%:

Credit assessment of Banks	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Below B-**	**Unrated**
Risk weight under Option 2	20%	50%	50%	100%	150%	50%
Risk grade	1	2	3	4	5	6

(Basel II paragraphs 62-63)

2.11. Claims on banks (ODCs) with an original maturity[14] of 3 months or less

Include

In the relevant rows 310 - 360, subject claims (accounts 13, 14 and 15) held in the banking book. Based on the CBA's choice for option 2, as set out in the above paragraph 2.10, a preferential risk weight that is one category more favorable may be applied on subject claims, subject to a floor of 20%. This treatment will be available to both rated and unrated ODCs but not to ODCs risk weighted at 150%. Based on the above the following risk weights will apply:

Credit assessment of Banks	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Below B-**	**Unrated**
Risk weight for short-term claims under Option 2	20%	20%	20%	50%	150%	20%
Risk grade	1	2	3	4	5	6

[13] Based on National Discretion, reference to attachment C.

[14] Claims with (contractual) original maturity under 3 months which are expected to be rolled over (i.e. where the effective maturity is longer than 3 months) do not qualify for this preferential treatment for capital adequacy purposes.

(Basel II paragraph 65)

2.12. Claims on Other Financial Institutions including securities firms (OFCs) (excluding insurance companies) subject to supervisory and regulatory arrangements

Include

In the relevant rows 250 - 300, subject claims (accounts 13, 14 and 15) held in the banking book, and reported in the CoA under OFCs. Those claims will be treated as claims on ODCs (being banks), as set out in the above paragraphs 2.10 and 2.11, provided the OFCs are subject to supervisory and regulatory arrangements comparable to those under Basel II (including, in particular, risk based capital requirements)[15]. Otherwise such claims should follow the rules for claims on corporates (ONCs) as laid down in paragraph 2.13.

2.13. Claims on Other Financial Institutions including securities firms (OFCs) (excluding insurance companies) not subject to comparable supervisory and regulatory arrangements.

Include

In the relevant rows 370 - 410, subject claims (accounts 13, 14 and 15) held in the banking book. Those claims will not be treated as claims on ODCs being banks, as set out in the above paragraphs 2.10 and 2.11, since the related institution or firm is not subject to supervisory and regulatory arrangements comparable to those under Basel II (including, in particular, risk based capital requirements)[16]. Such claims will follow the same rules as claims on corporates (ONCs) in the following paragraph 2.14.

2.14. Claims on Corporates (ONCs), including insurance companies and commercial PSEs owned by governments (PNCs).

(Basel II paragraph 66)

Include

In the relevant rows 370 - 410, subject claims (accounts 13, 14 and 15) (other than equity) held in the banking book. Claims on commercial PSEs being commercial undertakings owned by local or foreign governments, should be treated like ONCs, for capital requirement purposes. No claim on an unrated ONC or PNC, including insurance companies, may be given a risk weight preferential to that assigned to its sovereign of incorporation. The claims will be risk weighted as follows:

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[15] That is capital requirements comparable to those applied to reporting institutions in this CoA. Implicit in the meaning of the word "comparable" as to the securities firm is that the firm (but not necessarily its parents) is subject to consolidated regulation and effective supervision with respect to any downstream affiliates.

[16] That is capital requirements comparable to those applied to reporting institutions in this CoA. Implicit in the meaning of the word "comparable" as to the securities firm is that the firm (but not necessarily its parents) is subject to consolidated regulation and effective supervision with respect to any downstream affiliates.

Credit assessment of corporates	AAA to AA-	A+ to A-	BBB+ to BB-	Below BB-	Unrated
Risk weight	20%	50%	100%	150%	100%
Risk grade	1	2	3-4	5	6

Notes

(Basel II paragraph 67)

1. At its sole discretion and being part of its supervisory task, the CBA may require a risk weight higher than 100% for a/(some) corporate claim(s), based on the credit risk of the corporate claim(s) held by one/(some) reporting institution(s). In such case the CBA will inform the reporting institution(s) in writing on the risk weight to be applied.
2. The CBA will require the abovementioned higher risk weight if the CBA perceives the credit risk to be much higher than the risk of other similar claims on other (similar) corporations.
3. The CBA may require[17] a standard risk weight of 150% for unrated claims on ONCs, if it judges that a higher risk weight is warranted (include those claims in row 420).

(Basel II paragraph 68)

4. The CBA may permit[18] a reporting institution upon the institution's prior written request to risk weight all corporate (PNC's and ONCs) claims at 100% without taken into account external credit ratings. If the reporting institution obtains the written approval[19] from the CBA to use the 100% risk weight, it should apply such consistently, and not use external ratings. In such case, the reporting institution should report all claims in both column 1 in row 410 "with risk grade 6". Note that the CBA may require that for a/(some) corporate claim(s), a higher risk weight is applied.

(Basel II paragraph 69)

2.15. Claims included in the retail portfolios *Risk weight*

Include *100%*

In row 430, all claims in the retail portfolio (claims on an individual person(s)), that comprise amongst others revolving credits and lines of credit (including credit cards and overdrafts) and personal term loans and leases (e.g. installment loans, car loans and -leases, student and educational loans, and personal finance).

[17] Based on National Discretion, reference is made to attachment C.
[18] Based on National Discretion, reference is made to attachment C.
[19] To obtain approval, the reporting institution should demonstrate the CBA that the capital requirement based on a 100% risk-weight for these claims is not materially less than the capital requirement that would result when applying external credit ratings, or that the cost of using external credit ratings for these exposures outweighs the benefits.

Exclude

a) Claims in the retail portfolios that are past due for more than 90 days. These should be reported under paragraph 2.18 "Nonperforming loans" of this section.
b) Loans that qualify as residential mortgage loans (these should be reported in the following paragraph 2.16).

(Basel II paragraphs 72 and 78)

2.16 Residential mortgage loans

Include in the relevant rows 440 and 450, the subject loans which are reported in Sub-report II part D "*Mortgages meeting the qualification criteria"*, and whose: *Risk weight*

a) Loan-to–Value (LTV) ratio[20] is between 50% up to and including 70% *50%*

b) LTV ratio is up to and including 50% *35%*

Note

If the borrower is 90 days or more in arrears with payments (either principal and/or interest), the borrower's mortgage loan should be classified as Substandard, Doubtful or Loss as outlined in the CBA's supervisory directive III.4 "Loan Loss Provisioning" and should also be reported under paragraph 2.18 "Past due loans".

(Basel II paragraph 73)

The CBA will evaluate whether the risk weight for residential mortgage loans is considered too low based on the default experience for these types of exposures in Aruba. Therefore, the CBA reserves the right to require relevant information from reporting institutions and that the reporting institutions apply higher risk weights as appropriate.

(Basel II paragraph 74)

2.17. Claims secured by commercial real estate and other mortgage loans, except residential and past due mortgage loans *Risk weight*

Include *100%*

In row 460, the total amount of item 1403 000 less the total amount of sub-report II part D "*Mortgages meeting the qualification criteria" less past due mortgage loans.* The resulting amount must include:

a) Mortgages on commercial and public real estate.

[20] Reference is made to attachment E "*Residential Mortgage Loans"* for details on the LTV ratio.

b) Loans secured by mortgage on residences, but which do not meet all criteria to qualify as residential mortgage loans as described in attachment E "R*esidential mortgage loans (Qualification criteria)".*

(Basel II paragraph 75)

2.18. Nonperforming loans

Include in row:

470. Provisions for "Stage 1" loans: 12 month ECL

480. Provisions for "Stage 2" loans: lifetime ECL (interest revenue based on gross carrying amount)

490. Provisions for "Stage 3" loans: lifetime ECL (interest revenue based on gross carrying amount)

Reference is made to the applicable IFRS for further guidance.

2.19. Outstanding loans – pledged cash collateral

Include in row 500 all outstanding loans which are fully collateralized by pledged cash. A risk weight of zero percent (0%) is attributed to loans which are fully collateralized by pledged cash and, as such, will not be included in the risk weighted assets.

(Basel II paragraph 79 and 80)

2.20. Higher-risk categories

Higher risk claims include claims on sovereigns, PSEs, ODCs, and securities firms rated below B-; corporates rated below BB-, and the past due loans, which are all risk-weighted higher in the previous paragraphs. In addition, investments in venture capital and equity investments may also incorporate higher risks and require higher risk weights. In such cases the CBA may decide to require the application of a 150% or higher risk weight.

(Basel II paragraph 81)

2.21. Non-current assets held for sale and discontinued operations and Property plant and equipment

Include

In row 520, the total amount of accounts 16 and 17. A *risk weight of 100%* will be applied.

(Basel II paragraph 81)

2.22. Other assets

Include

1. *Risk weight 100%:*

In row 530, the total amount of account 19, excluding goodwill and intangible assets with definite useful lives[21], gold bullions held by another party on an unallocated basis.

2. Risk weight 20%:

   In row 540, gold bullions held on an unallocated basis by another party, though backed by gold liabilities unless the CBA requires in writing the risk weight that corresponds to the counterparty.

<u>(Basel II paragraph 81)</u>

2.23. All Other Investments (13), Loans (14), Customers' Liability on Bankers' Acceptances (15); and all other claims on foreign PSEs

<u>Include</u>

In the relevant rows 550 – 600:

a) All other claims regarding investments of account 13 ("Financial assets measured at fair value", "Financial assets measured at amortized cost", and "Investments in entities accounted for using the equity method).
b) All other loans of account 14 and customers' liabilities on Bankers' Acceptances of account 15.
c) All other claims on foreign PSEs, not subject to national discretion in their jurisdiction and which have not already been captured and risk weighted based on the preceding paragraphs in these instructions.

Each exposure should be risk weighted based on the risk weight applicable to the counterparty, as set out in the following table:

Credit Assessment	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Below B-**	**Unrated**
Risk Weight						
	0%	20%	50%	100%	150%	100%
Risk grade	1	2	3	4	5	6

Row 610: the sum of all the above reported RWA amounts.

Row 630: the total RWA for contingent liabilities of SS 1D "*Risk Weighted Assets Standardized Credit Risk, Contingent Liabilities*".

[21] Intangible assets with definite useful lives should be amortized over their estimated useful lives. Their value which is net of amortization charges should be deducted from Tier 1 capital for the calculation of the institution's capital adequacy. On the other hand, intangible assets with indefinite useful lives should not be amortized, but are carried at the amount initially recognized less any write down for impairment. These assets are included in item 1901 020 "Other Intangible Assets".

Row 640: the total RWA for derivatives of SS 1E "*Risk Weighted Assets Standardized Credit Risk Derivatives"*.

Row 650: the sum of the above reported RWA for on-balance sheet assets, derivatives and contingent liabilities of rows 610 through 640. This total amount will is also captured in SS 1A "*Capital Adequacy Ratio"*.

6.4.4 EXAMPLES ON SS 1C

An example on SS 1C is contained in the worked example 4.2 on SS 1A in the CoA Manual Examples document.

6.5 SUPPORTING SCHEDULE 1D: RISK-WEIGHTED ASSETS STANDARDIZED CREDIT RISK CONTINGENT LIABILITIES

6.5.1 OBJECTIVE

1. SS 1D provides an overview of the risk-weighted assets (RWA) relating to credit risk of the reporting institution's off-balance sheet exposures under the standardized approach. Mentioned RWA is also captured in SS 1C "Risk Weighted Assets Standardized Credit Risk" in order to calculate the institution's total RWA.
2. The categories of exposures are set out in the description of Class 8 "Contingent Liabilities" and the attachment G "*Categories of Off-balance sheet instruments and Credit Conversion Factors"*.

6.5.2 SCOPE AND FREQUENCY

Each reporting institution must file the CoA reports on credit risk monthly on a consolidated basis.

6.5.3 INSTRUCTIONS

6.5.3.1 General instructions

1. The Risk weighted amount

<u>(Basel II paragraph 82)</u>

The face amount (notional principal amount) of off-balance sheet instruments (exposures) does not always reflect the amount of credit risk in the instrument. To approximate the potential credit risk of such off-balance sheet instruments, the face amount is multiplied by the appropriate credit conversion factor (CCF) to derive a credit equivalent amount (CEA). The CEA is treated in a manner similar to an on-balance sheet instrument and is assigned the risk weight appropriate to the counterparty or, if relevant, the guarantor or collateral. The categories of CCFs are set out in attachment G.

2. Off-balance sheet transactions

Refer to the description of Class 8 "Contingent Liabilities" for details on the type of off-balance sheet (non-market related) transactions involved.

a) If the non-market related facility is undrawn or partially undrawn, the reporting institution should include the maximum unused portion of the commitment available to be drawn during the remaining period to maturity for the calculation of the CEA. Any drawn portion of a commitment forms part of a reporting institution's on-balance sheet credit exposure.
b) Undrawn balances of revolving facilities (e.g. credit cards, overdrafts) are to be reported in item 8506 000 "Commitments unconditionally cancelable without prior notice by the reporting institution".
c) All commitments must be included in the capital calculation regardless of whether or not they contain "material adverse change" clauses or any other provisions which are intended to relieve a reporting institution of its obligations under certain conditions.

6.5.3.2 Reporting instructions

1. Guidance on columns 1 to 5

Include in the column:

1. Notional Amount	The face value or gross amount of a given off-balance sheet transaction and not the fair value. Absolute values should be reported.
2. CCF	A CCF, being the percentage value used to convert an off-balance sheet exposure into an on-balance sheet equivalent amount, i.e. the CEA. CCFs are pre-defined in the schedules[22] and correspond to the CCFs detailed in attachment G.
3. CEA	The CEA, being the on-balance sheet equivalent amount of the off-balance sheet exposure, is calculated by multiplying the amount in column 1 by the corresponding CCF in column 2. Credit derivative transactions in the banking book are classified as non-market related off-balance sheet transactions.
4. Risk Weight %	The risk weight appropriate to the counterparty, the guarantor, or collateral if appropriate.

[22] Based on Basel II framework.

5. Total RWA	Is the risk weighted asset, calculated by multiplying the CEA by the risk weight applicable to the counterparty or type of assets. Refer to the risk weights for on-balance sheet assets as outlined in the instructions of SS 1C "*Risk weighted assets standardized credit risk*".
<u>Include in rows</u>	
285/435/655/725/2075/3055/3080	A contingent liability that is fully covered by pledged cash collateral. A risk weight of zero percent (0%) is attributed to contingent liabilities which are fully collateralized by pledged cash and, as such, will not be included in the risk weighted assets.
3085.	"Total Risk Weighted Assets Contingent Liabilities": the derived total RWA, calculated as the sum of the RWA for all transaction types in SS 1D. This total should is also captured in SS 1C row 630 "Total Risk Weighted Assets Contingent liabilities".

6.5.4 EXAMPLES ON SS 1D

An example on SS 1D is contained in the worked example 4.2 on SS 1A in the CoA manual Examples document.

6.6 SUPPORTING SCHEDULE 1E: RISK-WEIGHTED ASSETS STANDARDIZED CREDIT RISK – DERIVATIVE CONTRACTS

6.6.1 OBJECTIVE

1. SS 1E provides an overview of the risk-weighted assets (RWA) relating to the credit risk of the reporting institution's derivative contracts under the standardized approach. Mentioned RWA is also captured in SS 1C "*Risk Weighted Asset Standardized Credit Risk"* to calculate the institution's total RWA.
2. The categories of derivatives are set out in detail in item 2300 000 "Derivatives Financial Liabilities" and the attachment H "*Derivative Contracts"*.

6.6.2 SCOPE AND FREQUENCY

Each reporting institution must file the CoA reports on credit risk monthly on a consolidated basis.

6.6.3 INSTRUCTIONS

6.6.3.1 General instructions

Calculation of counterparty credit risks on derivative contracts, applies equally to derivative positions under IFRS.

1. The risk weighted amount

First, the risk weight for the derivatives types as set out in the paragraph below is determined by a two-step process. The CEA of the derivative contracts is determined by summing for each contract (1) the mark-to-market value (only if a positive value) of the contract (i.e. the contract's current credit exposure or replacement cost), and (2) an estimate of the potential future increase in credit exposure over the remaining life of the instrument. For risk based capital purposes, potential future credit exposure of a contract is determined by multiplying the notional principal amount of the contract (even if the contract has a negative mark-to-market value) by the appropriate credit conversion factor from the chart presented in the table 2.8-1 "Current exposure method market-related credit conversion factors" in attachment H.

Second, the CEA is treated like a balance sheet asset and is assigned the risk weight appropriate to the counterparty or, if relevant, the guarantor or the collateral.

2. Types of derivative contracts

The derivative contracts comprise all market related transactions held in the banking and trading books that give rise to off-balance sheet credit risk. The following types of derivative contracts are distinguished.

Interest rate contracts comprise:

a) Single-currency interest rate swaps;
b) basis swaps;
c) forward rate agreements (FRAs);
d) interest-rate futures;
e) purchased interest rate options; and
f) similar instruments.

Foreign exchange rate contracts and gold comprise:

a) Cross-currency interest rate swaps;
b) forward foreign exchange contracts;
c) currency futures;
d) purchased currency options;

e) similar instruments; and
f) contracts relating to gold of a similar kind to the foreign exchange contracts referred to above.

Other contracts

These relate to contracts which are of a similar nature to those listed above but which are based on other underlying values (or indices of underlying values) and comprise:

a) Equities;
b) precious metals other than gold; and
c) commodities other than precious metals.

3. Exemption from capital weighting is permitted for:

a) Foreign exchange (except gold) contracts which have an original term of 14 days or less.
b) Instruments traded on futures and options exchanges which are subject to daily market-to-market and margin payments.

6.6.3.2 Reporting instructions

1. Guidance on columns 1 to 7

Include in column	
1. Notional Amount	The notional principal amount being the face value or gross amount of a given off-balance sheet transaction and not the fair value. Absolute values should be reported.
2. CCF	A CCF being the percentage value used to convert an off-balance sheet exposure into an on-balance sheet equivalent, i.e. the CEA. CCFs are pre-defined in the schedules[23] and correspond to the CCFs detailed in attachment G.
3. Potential future exposure	The potential future exposure amount, which is calculated by multiplying the notional principal amount of a market-related contract (regardless of whether the contract has a zero, positive or negative mark-to-market value) by the relevant CCF of column 2. It represents an "add-on" component to the current exposure amount and is used in the current exposure method to

[23] Based on Basel II framework.

	calculate the CEA of the derivative contracts.
4. Current exposure	The current exposure amount for each type of market-related off-balance sheet exposure, being the sum of the positive mark-to-market value (or replacement cost) of each individual contract within each classification.
5. CEA	The CEA is derived as the sum of columns 3 and 4. However, in some cases, the CEA must be entered by the reporting institution. The CEA for some off-balance sheet exposure types may consist of several discrete exposures, each potentially attracting different CCFs. The reporting institution should, by reference to attachment G, determine the appropriate CCF(s) to be applied to the exposure(s) to calculate the CEA for that off-balance sheet exposure type and report the total as a single CEA. Credit derivative transactions in the trading book are classified as market-related off-balance sheet transactions.
6. Risk Weight %	The risk weight appropriate to the counterparty, or the guarantor or collateral if appropriate.
7. RWA	The RWA amount of the off-balance sheet transaction that gives rise to credit exposure is calculated by multiplying the CEA of a transaction by the risk weight applicable (pertaining) to the counterparty or type of assets.

<u>Include</u>

In row 960 "Total Risk Weighted Assets Derivatives": the derived total RWA, calculated as the sum of the RWA for all the transaction types in SS 1E. This total should is also captured SS 1C row 640 on the line "Total Risk Weighted Assets Derivatives.

6.6.4 EXAMPLES ON SS 1E

An example on SS 1E is contained in the worked example 4.2 on SS 1A in the CoA manual Examples document.

6.7 SUPPORTING SCHEDULE 1F-1: RISK-WEIGHTED ASSETS BASIC INDICATOR APPROACH - OPERATIONAL RISK

6.7.1 OBJECTIVE

SS 1F-1 provides an overview of the required data relating to the reporting institution's operational risk under the Basic Indicator Approach (BIA). The data serves for calculating the reporting institution's CAR in SS 1A "*Capital Adequacy Ratio*".

6.7.2 SCOPE AND FREQUENCY

Each reporting institution must file the CoA reports on operational risk monthly on a consolidated basis.

6.7.3 INSTRUCTIONS

6.7.3.1 General instructions

In order to complete SS 1F-1, the attachment I-1 "Operational Risk" should be read.

Until further notice by the CBA, reporting institutions must report their operational risk using the BIA.

6.7.3.2 Reporting instructions

<u>Include in</u>

Rows 10 - 90 columns 1-3	the components that make up the annual gross income (GI) of the previous three (3) years (not including the reporting year). Both positive and negative income must be included.
Row 130 column 4	the total "weighted income" of all the previous three years. It is calculated as the sum of the derived "weighted incomes" of row 120. However, include only the positive "weighted incomes".
Row 140 column 4	the number of years that annual gross income was positive (> 0) in the previous three (3) years.

6.7.3.3 Other

- The alpha (α) of 15% in row 110 is a fixed percentage, set by the Basel Committee, to calculate the capital charge for operational risk under the BIA.
- In row 160, the amount of row 150 is multiplied by 6.25. The number "6.25" represents the capital charge, taking into account a minimum capital adequacy requirement of 16%.

6.7.4 EXAMPLE ON SS 1F-1

Example 4.3 on the BIA is included in the CoA manual Example document.

6.8 SUPPORTING SCHEDULE 1F-2: RISK-WEIGHTED ASSETS STANDARDIZED APPROACH - OPERATIONAL RISK (SA) (THIS SCHEDULE IS NOT YET IN EFFECT)

6.8.1 OBJECTIVE

SS 1F-2 provides an overview of the required data relating to the reporting institution's operational risk under the Standardized Approach (SA). The data serves for calculating the reporting institution's CAR in SS 1A "*Capital Adequacy Ratio*".

6.8.2 SCOPE AND FREQUENCY

Each reporting institution must file the CoA reports on operational risk monthly on a consolidated basis.

6.8.3 INSTRUCTIONS

6.8.3.1 General instructions

In order to complete SS 1F-2, the attachments I-1 "Operational risk", I-2 "Mapping of business lines" and I-3 "Guidelines for Business Line Mapping of the Standardized and Alternative Standardized Approach" should also be read.

Until further notice by the CBA, reporting institutions must report their operational risk using the BIA.

6.8.3.2 Reporting instructions

Include in

Rows 10 – 80 columns 1-3	the annual gross income (GI) as defined in the BIA, for each of the eight business lines of the previous three (3) years (not including the reporting year). Both positive and negative income should be included.
Rows 10 – 80 columns 6-8	the "weighted income" of each business line in the previous three years. It is calculated by multiplying the aforementioned annual GI by the beta factor included in column 4, for each business line. However, if the "weighted income" is negative, the input should be zero.

Row 90 columns 6 - 8	the total "weighted income" of each of the previous three years is calculated as the sum of the "weighted income" of the business lines in each of the years.
Row 100 column 8	the number of years that the total "weighted income" was positive (> 0) in the previous three years.

Rows 110 and 120 are derived data:

b) Row 110 column 8 contains the capital charge for operational risk under the SA. It is derived by dividing the sum of the total "weighted income" of the previous three years (row 90) by the number of years with positive GIs (row 100 column 8).

c) Row 120 column 8 contains the risk weighted assets equivalent amount. It is derived by multiplying the capital charge of row 110 by 6.25[24]. The latter amount is also captured in SS 1A.

6.8.3.3 Other

The beta factor (β) assigned to each business line is a fixed percentage, set by the Basel Committee, to calculate the capital charge for operational risk under the SA.

6.9 SUPPORTING SCHEDULE 1F-3: RISK-WEIGHTED ASSETS ALTERNATIVE STANDARDIZED APPROACH - OPERATIONAL RISK (ASA) (THIS SCHEDULE IS NOT YET IN EFFECT)

6.9.1 OBJECTIVE

SS 1F-3 provides an overview of the required data relating to the reporting institution's operational risk under the Alternative Standardized Approach (ASA). The data serves for calculating the reporting institution's CAR in SS 1A "*Capital Adequacy Ratio"*.

6.9.2 SCOPE AND FREQUENCY

Each reporting institution must file the CoA reports on operational risk monthly on a consolidated basis.

[24] The number "6.25" represents the capital charge, taking into account a minimum capital adequacy requirement of 16%.

6.9.3 INSTRUCTIONS

6.9.3.1 General instructions

In order to complete this SS 1F-3, the attachments I-1 "Operational risk", I-2 "Mapping of business lines" and I-3 "Guidelines for Business Line Mapping of the Standardized and Alternative Standardized Approach" should also be read.

Until further notice by the CBA, reporting institutions should report their operational risk using the BIA.

6.9.3.2 Reporting instructions

<u>Include in</u>

Rows 10 – 60 columns 1 – 3	the annual gross income (GI) as defined in the BIA, for each of the six business lines of the previous three (3) years. Both positive and negative income should be included.
Rows 10 – 60 columns 6 – 8	the "weighted income" of each business line in the previous three years. It is calculated by multiplying the aforementioned annual GI by the beta factor of column 4 for each business line. However, if the "weighted income" is negative, the input should be zero.
Row 70 columns 6 – 8	the total "weighted income" of each of the previous three years. It is calculated as the sum of the "weighted income" of the business lines in each of the years.
Row 110 column 8	the number of years that total "weighted income" of the six business lines was positive (> 0) in the previous three years.
Rows 80 – 90 column 1-3	the total loans and advances (drawn amounts that are non-risk weighted and gross of provisions) of each of the two business lines of the previous three (3) years.
Rows 80 – 90 columns 6 – 8	the "weighted income" of each business line in the previous three years. It is calculated by multiplying the aforementioned total loans and advances multiplied by the beta factor of column 4 and the "m" factor of column 5, for each business line.
Row 100 columns 6 – 8	the total "weighted income" of each of the previous three years. It is calculated as the sum of the weighted income of the business lines in each of the years.

Rows 120 and 130 are derived data:

a) Row 120 column 8 contains the capital charge for operational risk under the ASA. It is derived by dividing the sum of the total "weighted income" of the previous three years of rows 70 and 100 by the number of years with positive GIs (row 110 column 8).
b) Row 130 column 8 contains the risk weighted assets equivalent amount. It is derived by multiplying the capital charge in row 120 by 6.25[25]. The amount is also captured in SS 1A.

6.9.3.3 Other

The beta factor (β) assigned to each business line is a fixed percentage, set by the Basel Committee, to calculate the capital charge for operational risk under the ASA.

The fixed factor (m), set by the Basel Committee, serves for calculating the exposure indicator for the business lines retail and commercial banking.

6.10 SUPPORTING SCHEDULES ON MARKET RISK

6.10.1 OBJECTIVE

The supporting schedules on market risk provide an overview of the measuring of the reporting institution's exposures to market risk arising from positions allocated in the trading book (for interest rate and equity positions risks) and from the reporting institution's entire business (for foreign exchange and commodities risks) under the standardized measurement method[26] ("standard method"). The information serves for calculating the institution's capital adequacy ratio in SS 1A "*Capital Adequacy Ratio*". Market risk is set out in detail in attachment J "*Market Risk Measurement Framework*".

6.10.2 SCOPE AND FREQUENCY

Each reporting institution must file the CoA reports on market risk monthly on a consolidated basis.

6.10.3 INSTRUCTIONS

1. The abovementioned exposures should be converted into local currency, at the spot rate on the reporting date.

[25] The number "6.25" represents the capital charge, taking into account a minimum capital adequacy requirement of 16%.

[26] Basel II sets forth a choice between two broad methodologies to measure the reporting institution's market risk, subject to the approval of the national authorities. The methodologies are "the Standardized measurement method" and "the Internal models approach".

2. For market risk the following **de minimis rule** applies:

2.1 If the total capital charge for market risk is equal or less than 1% of the reporting institution's Total Assets (Class 1) and less than Afl. 100,000, the institution should only submit SS 1G "Market Risk Standard Method Summary". However, the calculated "total risk weighted assets equivalent amount for market risk" in SS 1G should be omitted from SS 1A "Capital Adequacy Ratio" when calculating the CAR. In addition, the institution should complete row 180 "Compliance with de minimis rule" in SS 1G, by entering the number 31 in column 3 of SS 1G, to indicate compliance with the above-mentioned limit; or

2.2 If the total capital charge for market risk is less than 5% of the reporting institution's total minimum required capital amount of the previous reporting month, but above the limit mentioned under point 1, only SS 1G should be submitted to the CBA. The calculated "total risk weighted assets equivalent amount for market risk" in SS 1G should be captured in SS 1A "*Capital Adequacy Ratio*" when calculating the CAR. In addition, the institution should complete row 190 "Compliance with de minimis rule" in SS 1G, by entering the number 32 in column 3 of SS 1G, to indicate compliance with the abovementioned limit; or

2.3 In case that the reporting institution has three or less (≤3) market risk positions, that are below the abovementioned limits, the institution is exempted from reporting its market risk. However, the institution should submit its SS 1G and complete only row 200 "Compliance with de minimis rule" in SS 1G, by entering the number 33 in column 3 of SS 1G, to indicate compliance with the above-mentioned limit.

In all abovementioned instances, the reporting institution should have calculated the market risk on each reporting date in order to conclude and demonstrate that its market risk is below the abovementioned limits. The reporting institution should provide the CBA promptly with the calculations upon its first request.

3. Instructions per market risk SS

The following sections contain general and reporting instructions of each market risk SS. In order to complete these SS, attachment J should also be read.

6.10.4 SUPPORTING SCHEDULE 1G: MARKET RISK STANDARD METHOD

6.10.4.1 General instructions

All capital charges contained in SS 1G are calculated in and derived from the other market risk SSs explained further in this section. The total risk weighted asset equivalent amount calculated in this schedule should also be captured in SS 1A "*Capital Adequacy Ratio"* to determine the aggregate risk weighted assets.

6.10.4.2 Reporting instructions

The following data should be reported or is automatically calculated in columns 1, 2 and 3.

Include in the column	
1. Capital Charge/ Multiplier	the capital charges for the various types of market risk calculated in the indicated market risk SSs.
2. Total required Capital	the sum of the capital charges for each type of market risk SS (rows 40, 80, 110 and 140); and the total of the capital charges of all the market risk SSs (row 150).
3. Risk Weighted Assets Equivalent Amount	the total risk weighted asset equivalent amount (row 170) is calculated as the sum of all total required capital multiplied by 6.25[27] (this amount is captured in SS 1A).

6.10.5 SUPPORTING SCHEDULES 1H-1, 1H-2, AND 1H-3: MARKET RISK STANDARD METHOD, INTEREST RATE RISK (SPECIFIC RISK, GENERAL MARKET RISK AND GENERAL MARKET RISK SUMMARY)

The reporting institution should report all its positions in debt securities and other interest rate related instruments in the trading book, including interest rate derivatives and quasi-debt securities that behave like debt (set out in section 6.13 of attachment J "*Market Risk Measurement Framework")* in:

a) SS 1H-1 "*Market Risk Standard Method Interest Rate Risk- Specific Risk*";
b) SS 1H-2 "*Market Risk Standard Method Interest Rate Risk- General Market Risk*"; and

[27] The number "6.25" represents the capital charge, taking into account a minimum capital adequacy requirement of 16%.

c) SS 1H-3 "*Market Risk Standard Method Interest Rate Risk- General Market Risk (Summary)*".

The reporting institution should report all positions in interest rate options in SS 1L "*Market Risk Standard method* O*ptions - Risk Simplified approach"*.

The reporting institution's total capital requirement for interest rate risk comprises capital charges for:

a) specific risk by means of SS 1H-1;
b) general market risk by means of SS 1H-3; and
c) interest rate-sensitive options risks reported in SS 1L.

The calculations of the risk and capital requirements with respect to the specific risk should be performed according to the method set out in attachment J, which is based on Basel II paragraphs 709(iii) to 718.
The calculations of the risk and capital requirements with respect to general market risk should be performed according to the maturity method, set out in attachment J, which is based on Basel II paragraphs 718(i) to 718(vi).

A separate maturity ladder, i.e. SS 1H-2, must be completed for each currency and their capital charges summed with no offsetting of positions of opposite sign in SS 1H-3. A single maturity ladder may be used for those currencies in which the reporting institution's business is insignificant. (see attachment J, which is based on Basel II paragraph 718 ii).

6.10.5.1 SUPPORTING SCHEDULE 1H-1: MARKET RISK STANDARD METHOD INTEREST RATE RISK - SPECIFIC RISK

Include in the column

1. Position Short: the sum of the market values of individual short positions in each issuer category.
2. Position Long: the sum of the market values of individual long positions in each issuer category.

In summing above market values, only matched positions in identical issues (including positions in derivatives) may be offset and omitted from the calculation of specific interest rate risk (see attachment J, which is based on Basel II paragraphs 709(iii), 718(xvi)).

The specific risk should be assessed according to the classification of the issuer of the security or underlying security in the case of derivative instruments. Issuers are classified into the categories government, qualifying and other as defined in attachment J, which is based on Basel II paragraphs 710 to 712(i) and set out in table 1 of attachment J "*Market Risk Measurement Framework*", while instruments issued by government and qualifying categories should be further classified according to the residual term to final maturity of the security or underlying security.

Columns 3, 4 and 5 and row 140 will contain the following derived data[28].

Include in the column

3. Gross market value	the absolute values of the sum of columns 1 and 2 short and long positions, respectively.
4. Specific risk weight %	the predetermined specific risk weights that correspond to the category of obligor and residual maturity of the instrument, as provided in table 1 of attachment J.
5. Capital charge	contains the total capital, which is obtained by multiplying column 3 "*Gross market value*" by column 4 "*Specific risk weight %*".
140. Total interest rate – specific-capital charge	the sum of all capital charges for each issuer category of column 5 "*Capital charge*". This charge should also be captured in column 1 of SS 1G "*Market risk Standard Method Summary*".

6.10.5.2 SUPPORTING SCHEDULE 1H-2: MARKET RISK STANDARD METHOD INTEREST RATE RISK - GENERAL MARKET RISK

6.10.5.2.1 Reporting instructions

The reporting institution should complete SS 1H-2 for each currency in which the reporting institution has significant interest rate risk exposure. In case of currencies in which the reporting institution's business is insignificant, the reporting institution may report all those currencies in one SS 1H-2 and indicate 'Insignificant' thereon.

6.10.5.2.2 Specific instructions

Currency: complete the line by including the currency in which the reporting institution holds the positions that are reported in this SS 1H-2, or include 'Insignificant' in the case mentioned above.

Include in the row

[28] The derived data is either predetermined or automatically calculated based on other data in the schedule.

10. Total Long	the market value of the summed long positions of each time band
20. Total short	the market value of the summed short positions of each time band
30. Risk weight (%)	the predetermined risk weight that correspond to each time-band set out in table 2.12.II of attachment J.
40. Weighted Long	the risk weighted long position of each time-band. It is automatically calculated by multiplying the amounts of row 10 "*Total Long"* by the percentage in row 30 "*Risk weight %"*.
50. Weighted Short	the risk weighted short position of each time-band. It is automatically calculated by multiplying the amounts of row 20 "*Total Short"* by the percentage in row 30 *"Risk weight %"*.
60. Matched Weighted Position	the matched weighted position in the time-band is automatically calculated as the smaller absolute value of rows 40 "*Weighted long*" and 50 "*Weighted Short"* positions in the time-band. In case the weighted long and weighted short positions are equal, the absolute offset amount of either the long or short position should be reported, on which the capital charge will be levied (see instructions for row 90). In case of only a weighted long or weighted short position in the time-band, a zero position should be reported in this time band.
70. Unmatched Weighted Position	the unmatched weighted position in the time-band is automatically calculated as the difference between the weighted long and the weighted short positions in the time-band. In case of only a weighted long or weighted short position in the time-band, that position should be reported in this row.
80. Capital Required I	the predetermined 10% capital charge to reflect basis risk and gap risk for each time-band.
90. Capital Charge I	the vertical disallowance for each time-band is automatically calculated as the amount of the smaller of the offset position of row 60 "*Matched Weighted Position*", be it long or short, multiplied by the percentage in row 80 "*Capital Required I*". If the offset risk weighted long and risk weighted short position are equal, the 10% is charged on either the absolute long or short offset position (see instructions for row 60).
100.Resid. Matched	the matched weighted positions within the zones 1, 2 and 3 are automatically calculated. For example within zone 1: compare the unmatched weighted positions for time bands "0-1 month", "1-3 months", "3-6 months" and "6-12 months" to determine the residual matched position, if any (e.g. the lower of the aggregate of all long positions vs. the aggregate of all short positions or "zero" if

	both positions are in the same direction). A similar comparison should be done for the time bands within zones 2 and 3 to calculate the matched weighted positions in those zones.
110. Resid. Unmatched	the unmatched weighted positions within the zones 1, 2 and 3 are automatically calculated as the positions that remain unmatched in the offsetting process explained above for row 100 "*Resid. Matched*".
120. Capital Required II	the predetermined horizontal disallowance factors to apply to the matched positions within zones 1, 2 and 3.
130. Capital Charge II	the horizontal disallowances within zones 1, 2 and 3 are automatically calculated as the amounts of fields 100D, 100G and 100O "*Resid. Matched"* multiplied by the percentages in fields 120D, 120G and 120O *"Capital Required II"* respectively.
140. Resid. Matched	the matched weighted positions between zones 1 and 2 and zones 2 and 3 are automatically calculated by comparing the residual unmatched positions in zone 1 and 2 (the fields 110D and 110G "*Res. Unmatched*") and zone 2 and 3 (the fields 110G and 110O) respectively, to determine the matched position if any (the lower of a long and short position, or "zero" if both positions are in the same direction).
150. Resid. Unmatched	the unmatched weighted positions between zones 1 and 2 and zones 2 and 3 are automatically calculated as the positions that remain unmatched in the offsetting process explained above for row 140 "*Res. Matched*".
160. Capital Required III	the predetermined horizontal disallowance factors to apply to the matched positions between zones 1 and 2 and zones 2 and 3.
170. Capital Charge III	automatically calculated as the amounts of fields 140G and 140O "*Residual Matched"* multiplied by the percentages in fields 160G and 160O "*Capital Required III"* respectively.
180. Res. Matched	the matched weighted position between zones 1 and 3 is automatically calculated by comparing the residual unmatched position in zone 1 and 3 to determine the matched position if any (the lower of a long and short position, or "zero" if both positions are in the same direction).
190. Res. Unmatched	the unmatched weighted position between zones 1 and 3 is automatically calculated as the position that remains unmatched in the offsetting process explained above for row 180 "*Res. Matched"*.
200. Capital	the predetermined horizontal disallowance factor to apply between zones 1

Required IV	and 3.
210. Capital Charge IV	the horizontal disallowance between zones 1 and 3 is automatically calculated as the amount of field 180 "*Res. Matched"* multiplied by the percentage in field 200O "*Capital Required IV"*.
90,130, 170 and 210	In column P (fields 90P, 130P, 170P and 210P), the sum of the Capital Charges (I capital charges calculated above and related to each type of disallowance, i.e. the vertical disallowance capital charge I, and the horizontal disallowance capital charges II, III and IV. Each total is automatically calculated and should also be captured in SS 1H-3 "*Market Risk Standard Method Interest Rate Risk - General Market Risk (Summary)"*.
220. Capital Charge V	the total capital charge for the unmatched positions (in field 220P), i.e. the sum of the remaining unmatched positions. The charge is automatically calculated and should also be included in SS 1H-3 .
230. Total Interest Rate Risk - General - Market Risk Capital Charge	the sum of the amounts reported in fields 90P,130P,170P, 210P and 220P "*Capital Charge I-IV*" (in field 230P). The amount is automatically calculated and serves to cover the general market risk of the interest rate risk in the portfolio.

6.10.5.2.3 EXAMPLES SS 1H-2

The example 4.4 on calculating and reporting general market risk, is included in the CoA manual Example document.

6.10.5.3 SUPPORTING SCHEDULE 1H-3: MARKET RISK STANDARD METHOD INTEREST RATE RISK – GENERAL MARKET RISK (SUMMARY)

<u>Include in the column</u>

A. Currency	Each of the currencies for which a general market risk has been calculated in SS 1H-2 "*Market Risk Standard Method Interest rate risk - General Market Risk*". Include the word "Insignificant" for the SS 1H-2 that is submitted for all the currencies in which the institution's business is insignificant.
B – F Capital Charges	the capital charges I - V reported on each submitted SS 1H-2 for each currency.
G. Total	the total capital charges I -V of each reported currency.

<u>Include in the row</u>

110. Total Interest Rate Risk	the sum of the total capital charges of column G. This charge is also captured in SS 1G "*Market Risk Standard Method*".

6.10.6 SUPPORTING SCHEDULES 1 I-1 AND 1 I-2: MARKET RISK STANDARD METHOD EQUITY POSITION RISK (PER NATIONAL MARKET- COUNTRY AND SUMMARY)

1. Positions to report

The reporting institution should report all its long and short equity positions in the trading book including all instruments that exhibit market behavior similar to equities (set out attachment J "*Market Risk Measurement Framework*") in:

a) SS 1I-1 "*Market Risk Standard method Equity position risk (per national market - country)*".
b) SS 1I-2 "*Market Risk Standard method Equity position risk (Summary)*".

The reporting institution should report all its positions in equity options in SS 1L *"Market Risk Standard Method Options Risk – Simplified approach"*.

2. Capital requirement

The reporting institution's total market risk charges for equity position risk comprises capital charge(s) for:

a) Specific risk and general market risk by means of SS 1I-2; and
b) Equity options risk reported in SS 1L.

The calculation of the capital charges should be performed according to the method set out in attachment J "*Market Risk Measurement Framework*" (Basel II paragraphs 718(xxi) to 718 (xxiv)).

6.10.6.1 SUPPORTING SCHEDULE 1I-1: MARKET RISK STANDARD METHOD EQUITY POSITION RISK (PER NATIONAL MARKET- COUNTRY)

6.10.6.1.1 Reporting instructions

National market (Country)	complete the line by including the name of the country in which the reporting institution holds the equity instruments that are reported on this SS 1I-1.

<u>Include in the column</u>

A. Equity instruments	a specification of each instrument in which the reporting institution has a position.
B. Gross Long	all long equity positions held in the trading book, net of any short positions in the same issue; and the total amount of the aforementioned positions in row 130 of

	this column.
C. Gross Short	all short equity positions held in the trading book, net of any long positions in the same issue; and the total amount of the aforementioned positions in row 130 of this column.
D. Gross Positions	The sum is calculated automatically.
E. Net open positions	the difference between the total gross long and gross short equity position reported in row 130 columns B and C is calculated automatically.

<u>Include in the row</u>

140. Total equity position risk - Specific risk - capital charge	the capital charge for specific risk, calculated as 16% of the total amount of row 130 column D. The charge is automatically calculated and is also captured in SS 1I-2 “. *Market Risk Standard method Equity position risk (summary)*”
150. Total equity General Market risk capital charge	the capital charge for general market risk, calculated as 16% of the position risk the total amount of row 130 column E. The charge is automatically calculated and is also captured in SS 1I-2.

6.10.6.2 SUPPORTING SCHEDULE 1I-2: MARKET RISK STANDARD METHOD EQUITY POSITION RISK (SUMMARY)

<u>Include in the column</u>

A. National market	the national market (country) reported on each submitted SS 1I-1 (country) “*Market Risk Standard method Equity position risk (per national market – country)*”.
B. Total specific risk capital charge	the total specific risk capital charge reported on each submitted SS 1I-1.
C. Total general market risk capital charge	the total general market risk capital charge reported on each submitted SS 1I-1.

<u>Include in the row</u>

110. Total equity position risk	the sum of all specific risk capital charges of column B. This total amount should also be captured in SS 1G “ *Market Risk Standard*

- Specific risk - capital charge	*Method Summary*".
120. Total equity position risk General market risk capital charge	the sum of all general market risk capital charges of column C. This total amount should also be captured in SS 1G.

6.10.7 SUPPORTING SCHEDULE 1J: MARKET RISK STANDARD METHOD FOREIGN EXCHANGE RISK

6.10.7.1 General instructions

1. Positions to report

SS 1J sets out a minimum capital standard to cover the risk of holding or taking positions in foreign currencies, including gold. Each foreign currency, including gold, should be reported separately in this schedule, including the risks inherent in the reporting institution's mix of long and short positions in the different currencies. The net open position (either long or short) in each foreign currency and in gold should be converted at spot rates into the reporting currency.

Note

Gold does not comprise gold coins.

The net position in each foreign currency should be calculated as set out in section C.1. "*Measuring the exposure in a single currency"* of attachment J "*Market Risk Measurement Framework*". In calculating the net open position in each currency the institution should:

(a) include all transactions contracted as at the reporting date (i.e. both traded and non-traded positions) excluding any structural positions; and

(b) the value of the forward positions at current spot market exchange rates or using net present values.

2. Capital requirement

The reporting institution's total capital requirement (capital charge) for foreign exchange risk is 16% of the higher of either the absolute value of the net short currency position or net long currency positions plus the net position in gold.

The capital requirement applies to the reporting institution's entire business (overall net open positions).

6.10.7.2 Reporting instructions

Include in column

A. Net spot position	all assets less all liabilities on the balance sheet, including accrued interest and accrued expenses, denominated in the currency in question.
B. Net forward position	all "gross purchases" less "gross sales" (i.e. all amounts to be received less all amounts to be paid under forward foreign exchange transactions, including currency futures and the principal on currency swaps not included in the spot position).
C. Guarantees	all guarantees (and similar instruments) denominated in foreign currency, that are certain to be called and likely to be irrecoverable.
D. Net future income/ Expense	net future income/expense not yet accrued but already fully hedged at the discretion of the reporting institution. (The unearned but expected future interest and anticipated expenses may be excluded unless the amounts are certain and reporting institutions have taken the opportunity to hedge them).
E. Other profit/ Loss in Foreign currencies	any other items representing a profit or loss in foreign currencies.
F. Net long Position	the net long position if any in each foreign currency. The position is calculated as set out in attachment J.
G. Net short Position	the net short position if any in each foreign currency. The position is calculated as set out in attachment J.
H. Afl. equivalent of Net long	the net long position reported in column F, converted at spot rates.
I. Afl. equivalent of Net short	the net short position reported in column G, converted at spot rates.

Include in the row

130. Total: Net long/net short position: in columns H and I, the derived total Afl. equivalent of the nominal amount of the net long and net short position, calculated as the sum of rows 10 through 120 of columns H and I.

140. Deduct: Net open position in USD: in columns F and G, the net long or short position, if any, in USD, which were reported in row 10, columns F and G; and in columns H and I, the abovementioned net long or short position in USD, converted at spot rates into Afl.

150. Deduct: Net open position in Naf.: in columns F or G, the net long or short position, if any, in Afl.,

which were reported in row 70, columns F and G; and in columns H and I, the total of the abovementioned open positions.

Currency position after deductions: calculated as the reported positions in row 130 less the reported positions in row 140 and 150, columns H and I.

170. Gold: in column G, the nominal absolute net open position (either long or short) in gold; and in column I, the abovementioned position in gold converted at spot rates into Afl.
180. Overall net position: the derived overall net position, calculated as the highest of the absolute values of the reported Afl. equivalent net long or net short positions in row 160, plus the reported Afl. equivalent net open position in gold (row 170 column I).
190. Capital requirement: the derived capital requirement/ charge for foreign exchange risk, calculated as 16% of row 170. The charge is also captured in SS 1G "*Market Risk Standard Method Summary*".

6.10.8 SUPPORTING SCHEDULE 1K: MARKET RISK STANDARD METHOD COMMODITIES RISK - SIMPLIFIED APPROACH

6.10.8.1 General instructions

1. Positions to report

The reporting institution should report all commodity positions, both on-balance sheet and off-balance sheet, which are affected by changes in commodity prices in SS 1K. This includes commodity forwards, commodity futures and commodity swaps.

Each commodity position should be expressed in terms of the standard unit of measurement (e.g. barrels, kilos, grams) and then converted into local currency using spot rates that apply at the close of business on the reporting date.

2. Capital requirement

The reporting institution should calculate the capital charges separately for each commodity. Except for the permissible offsetting set out in attachment J "*Market Risk Measurement Framework*", positions in different commodities may not, as a general rule, be offset. The charges are 15% on net open positions to cover directional risk and an additional 3% charge on the reporting institution's gross positions, long plus short in order to protect the reporting institution against basis risk, interest rate risk and forward gap risk.

6.10.8.2 Reporting instructions

Include in the column

A.	Commodity type	the type of each commodity in which the reporting institution has a position.
B.	Gross Long	the total long position in each commodity converted at current spot rates into Afl.
C.	Gross Short	the total short position in each commodity converted at current spot rates into Afl.
D.	Net Open Position	the net open position, calculated as the total long positions (column B) less the total short positions (column C). The result can be either a net long open position or a net short open position.
E.	Gross Position	the gross position, calculated as the sum of the absolute values of the total long positions (column B) and the absolute value of the total short positions (column C).
F.	Capital required against Directional risk	the charge to cover directional risk, calculated as 15% of the net open position (15% of column D).
G.	Capital required against Basis, Interest and Forward Gap risk	the charge to cover basis, interest rate and forward gap risks, calculated as 3% of the gross position (3% of column E).

Include in the row

400. Total	the aggregate amount of the long and short positions reported in columns B and C.
410. Total Commodity position risk[29]	the total capital required against commodity position risk, calculated as the sum of the total positions columns F and G. This total required capital amount is also captured in SS 1G " *Market Risk Standard Method Summary*".

[29] Excluding the capital requirement against commodity options, which is calculated in SS 1L "*Market Risk Standard method Options risk Simplified approach*" and added to the above total in SS 1G.

6.10.9 SUPPORTING SCHEDULE 1L: MARKET RISK STANDARD METHOD OPTIONS RISK - SIMPLIFIED APPROACH

6.10.9.1 General instructions

1. Positions to report

The reporting institution should report in SS 1L the positions for option contracts and related hedging positions in the associated underlying instrument, commodity or index, cash or forward.

The simplified approach and related capital charges, as set out in attachment J "*Market Risk Measurement Framework*", applies only to reporting institutions that use a limited amount and range of purchased options.

2. Capital requirement

In the simplified approach all the above mentioned positions are not subject to the standard methodology set out in attachment J (based on Basel II paragraphs 718(lvii)), but subject to separately calculated capital charges that incorporate both general market risk and specific risk.

The capital requirements calculated in this section should also be reported and added to the capital requirements for interest rate related instruments, equities, foreign exchange and commodities risk, as set out in attachment J.

6.10.9.2 Reporting instructions

Report or derive for each of the four risk areas (interest rates, equities, foreign exchange and commodities) the amounts in the columns and rows in the following parts I, II, and III of SS 1L.

Part I

<u>Include in the columns</u>

A and B	the market value of the underlying securities.
C and E	the derived amounts calculated as specified in the column's heading.
F	the amount that the option is in the money, calculated as the (option's strike price less the market value of the underlying) multiplied by the amount of underlying "securities".
G	the derived capital charge for each risk area, calculated as the difference between the amounts of columns E and F.

Part II

Include in the columns

A and B the market value of the underlying securities.

C and E the derived amounts, calculated as specified in the column's heading.

F the market value of the option.

G the derived capital charge for each risk area, being the lower of columns E or F.

Part III

Include in the column

A the aggregate capital charges for each risk area, calculated as the sum of the capital charges reported in column G, parts I and II. The aggregate capital charge of each risk area should be captured in SS 1G "*Market Risk Standard Method Summary*".

6.11 SUPPORTING SCHEDULES 2A and 2B: LIQUIDITY REPORT AND PRUDENTIAL LIQUIDITY AND LOAN-TO-DEPOSIT CALCULATION SHEET

6.11.1 OBJECTIVE

1. SS 2A provides an overview of the liquidity position of the reporting institution. The information serves for determining if the institution meets the minimum required liquidity position set by the CBA.
2. SS 2B sets out the calculation of the institution's domestic (resident) and foreign (non-resident) liquidity positions and serves for assessing whether the institution holds sufficient liquid assets.
3. The calculation of and the instructions on the liquidity position in SS 2A are set out below in the following parts:

    a) I Calculation of the required liquidity.
    b) II Calculation of the liquid assets.
    a) III Calculation of the liquidity position.

4. Supporting Schedule 2B "*Prudential Liquidity and Loan-To-Deposit calculation sheet*" consists of the following two parts:

    a) I Calculation of the Prudential Liquidity ratio.
    b) II Calculation of the Loan-To-Deposit ratio.

6.11.2 SCOPE AND FREQUENCY

All reporting institutions must file this report monthly on a consolidated basis.

6.11.3 INSTRUCTIONS

6.11.3.1 General instructions

The SS 12 "*Gross to Net Balances*", SS 9A "*Maturity Gap Analysis*" and SS 2C "*Pledged Assets*" serve as reference for completing the liquidity report.

6.11.3.2 Reporting instructions

The following paragraphs contain further details to complete each part of this SS 2A.

6.11.3.3 Part I: Calculation of the required liquidity

1. Guidance on columns 1 to 5

<u>Columns 1 and 2 "Outstanding amount"</u>

Report the amounts of resident and non-resident liabilities and the amount related to contingent liabilities, and additional liquidity requirements set out below.

<u>Column 3 "Risk weight %"</u>

The column includes pre-defined risk weight percentages to apply and calculate the required liquidity amounts.

<u>Columns 4 and 5 "Required liquidity"</u>

The resident and non-resident required liquidity amounts are derived by multiplying the amounts in columns 1 and 2 by the risk weight percentages of column 3.

2101 Demand deposits

<u>Include in the row</u>

10. ODCs	the total amount of demand deposits reported in SS 12.
20. All other	all other amounts of demand deposits which have not been reported above under ODCs; and
30. Total item 2101	the total amounts of resident and non-resident demand deposits. The amounts should equal both the sum of the amounts reflected above in rows 10 "*ODCs*" and 20 "*All other*" and the total net balances for demand deposits reported in SS 12.

2102 Savings deposits

Include in the row:

40. Total savings deposits	the total balances of residents and non- resident savings deposits. No risk weight should be applied on these balances.
50. Highest withdrawal amount	from the month with the highest total withdrawal amounts of resident savings deposits and of non- resident savings deposits, the withdrawal amount for the resident and the non-resident savings deposits reported in row 40 of SS 19 "*Savings Deposits*". The month with the highest total withdrawal amount should be selected from the 5 preceding reporting month-ends and the current reporting month. Report the withdrawn amounts in the respective columns 1 and 2: "Outstanding Amount Resident" and "Outstanding Amount Non-Resident" respectively. A risk weight of 150% will be applied on the reported highest amount of withdrawal.

Note

Reference is made to the notes in the reporting instructions of SS 19 "*Savings Deposits*" that regards rows 40 and 50 of SS 19.

60. Total item 2102	the total amounts of resident and non-resident savings deposits. The amounts should equal both the sum of the amounts reflected above in row 40 "*Total savings deposits*" and the total net balances for savings deposits reported in SS 12.

2103 Time deposits

Include in the row

70. ODCs < 1 m	the amount of time deposits from ODCs which have a remaining term up to one month;
80. ODCs >1- ≤ 24 m	the amount of time deposits from ODCs which have a remaining term between one month up to 24 months;
90. All other < 1 m	the amounts of all other time deposits which have a remaining term up to one month;
100. All other >1 - ≤ 24m	the amounts of all other time deposits which have a remaining term between one month up to and including 24 months;

110. All other	the amounts of all other time deposits which have not been reported above in row 70 through 100; and
120. Total item 2103	the total amounts of resident and non-resident time deposits. The amounts should equal both the sum of the amounts reflected above in rows 70 through 110 and the total net balances for time deposits reported in SS 12.

2201 Financial liabilities measured at fair value

<u>Include in the row</u>

130. Fin. Liabilities < 1 m	the amounts of item 2201 which have a remaining term up to one month;
140. Fin. liabilities > 1 - ≤ 24 m	the amounts which have a remaining term between one month up to and including 24 months;
150. All other	the amounts of all other financial liabilities which have not been reported above in rows 130 and 140; and
160. Total item 2201	the total amounts of resident and non-resident financial liabilities measured at fair value. The amounts should equal both the sum of the amounts reflected in rows 130 through 150 and the total net balances for financial liabilities measured at fair value reported in SS 12.

2202 Financial liabilities measured at amortized cost

<u>Include in the row</u>

170. Fin. Liabilities < 1 m	the amounts of item 2202 which have a remaining term up to one month;
180. Fin. liabilities > 1 - ≤ 24 m	the amounts of item 2202 which have a remaining term between one month up to and including 24 months;
190. All other	all other amounts of item 2202 which have not been reported above in rows 170 and 180; and
200. Total item 2202	the total amounts of resident and non-resident financial liabilities measured at amortized cost. The amounts should equal both the sum of the amounts reflected above in rows 170 through 190 and the total net balances for financial liabilities measured at amortized cost reported in SS 12.

2300 Derivatives – Financial Liabilities

Include in the row

210. Held for Trading (HFT)	the liabilities[30] of all the derivatives financial liabilities HFT;
220. Held for Hedging (HFH)	the liabilities of all the derivatives financial liabilities HFH; and
230. Total account 23	the total amounts of resident and non-resident derivatives- financial liabilities. The amounts should equal both the sum of the amounts reflected above in (a) and (b) and the total net balances for derivatives-financial liabilities reported in SS 12.

2400 Interbank funds bought

240. Interbank Funds-bought	the total net balances for interbank funds-bought reported in SS 12.

2500 Bankers' liability for acceptances

Include in the row

250. < 1 m	the amounts of account 2500 with a remaining term up to one month;
260. > 1 – ≤ 24m	the amounts of account 2500 with a remaining term between one month up to 24 months;
270. All other	all other amounts of account 25 which have not been reported above in rows 250 and 260; and
280. Total account 25	the total amounts of the resident and non-resident bankers' liability for acceptances. The amounts should equal both the sum of the amounts reflected above in rows 250 through 270 and the total net balances for the abovementioned acceptances reported in SS 12.

2600 Other liabilities

Include in the row

290. Other liabilities	the total net balances for the other liabilities reported in SS 12.

2700 Liability included in disposable groups classified as held for sale (LDGHFS)

Include in the row

300. LDGHFS	the total net balance for liabilities included in disposable groups classified

[30] All reporting institutions should calculate, in case they do not dispose of a model, the potential risk of all derivatives held in the trading book based on a standard model. In this case the liquidity risk is equal to the whole credit risk exposure.

as held for sale reported in SS 12.

2800 Subordinated debentures and limited life redeemable preference shares

Include in the row

310. < 1 m	the amounts of account 28 with a remaining term up to one month.
320. > 1 – ≤ 24m	the amounts of account 28 with a remaining term between one month up to 24 months.
330. All other	all other amounts of account 28 which have not been reported above in rows 310 and 320.
340. Total account 28	the total amounts of resident and non-resident subordinated debentures and limited life redeemable preference shares. The amounts should equal both the sum of the amounts reflected above in rows 310 through 330 and the total net balances for the abovementioned debentures and preference shares reported in SS 12.
350. Total Class 2	the total amounts of the required liquidity for the resident and non-resident liabilities. The amounts are the derived sum of the required liquidity for the abovementioned items and accounts, in columns 4 and 5.

Class 8 Contingent Liabilities

Include in the row

360. Direct credit substitutes	the total amounts of the issued direct credit substitute guarantees.
370. Risk Participations	the total amounts of the risk participations.
380. Commitments	the total amounts of the issued commitments.
390. Fully cash collateralized	the contingent liabilities that are fully collateralized by cash deposits.
400. All other	the amounts of all other contingent liabilities which have not been reported above in rows 360 through 390.
410. Total Class 8	the total amounts of resident and non-resident contingent liabilities, being the sum of the amounts reflected above in row 360 through 400.

Additional liquidity requirements

An additional liquidity requirement is levied on the amounts that meet the criteria set out below. For this section also see the instructions of SS 10 “Large depositors”.

Include in the row

420. Large depositors < 1m	the total qualifying amount of the large deposits, calculated as set out below. Select from the amounts of large deposits, reported in SS 10 "*Large depositors*", the following "qualifying deposits" per large depositor: 1. All demand deposits; and 2. All time deposits with a remaining maturity equal to or less than 1 m. Deposits already subject to a 100% risk weight in this SS 2A do not qualify as qualifying deposits. The "qualifying amount" will be subject to additional liquidity requirements. The Qualifying amount comprises the qualifying deposits whose aggregate amount exceeds 1% of the reporting institution's total amount of class 2.
430. Large other liabilities < 1m	the total amount of all other liabilities due to any individual legal entity or group of connected clients (liabilities), and that exceeds 1% of the reporting institution's total amount of class 2.
440. Large contingencies <1m	the total amount to any individual or group of clients for which the reporting institution has made itself contingently liable and that exceeds 1% of the reporting institution's total amount of class 2. The contingent liabilities that are fully collateralized by cash deposits do not qualify as large contingencies.
450. Total additional Liquidity Requirements	the total amounts of resident and non-resident additional liquidity requirements, being the sum of the amounts reflected in rows 420 through 440.

Total required liquidity

Include in the row

460. Total required liquidity	the total amount of required liquidity for the resident and non-resident liquidity needs. The amount is derived as the sum of all the above calculated required liquidities in columns 4 and 5.

6.11.3.4 Part II: Calculation of the liquid assets

1. Guidance on columns 1 to 5

Columns 1 and 2 "Outstanding amount"

Report the amounts of the resident and non-resident liquid assets as set out below.

Column 3 "Risk weight %"

The column includes predefined risk weight percentages to apply and calculate the liquid assets amounts.

Columns 4 and 5 "Liquid Assets"

The resident and non-resident liquid assets amounts are derived by multiplying the amounts in columns 1 and 2 by the risk weight percentages of column 3.

Include in the row

The liquid asset, that meet the criteria set out below, in the following rows (pledged assets set out in SS 2C *"Pledged Assets"* do not qualify as liquid assets):

470. Cash and deposit balances — the total cash and total deposit balances as reported in SS 12.

480. Interbank funds-sold — the total amount of interbank funds- sold as reported in SS 12.

490. Eligible TDs and CDs — the total amount of time deposits (TDs) and certificates of deposits (CDs) which have a remaining term up to and including three months and are reported in items 1306 200 (excluding the reserve requirement held at the CBA and other Central banks) and 1306 300.

The following conditions apply for these time deposits:

a) the deposits are unencumbered;
b) the deposits can be converted into cash within two business days; and
c) if break costs is applied when converting deposits into cash within two business days, than the deposits must be shown net of break costs.

500. GBT ≤ 12m — the total amount of government bonds and treasury paper (GBT) with a remaining maturity up to and including 12 months, and that meet the qualifying criteria mentioned below.

510. GBT > 12m — report the total amount of GBT with remaining term larger than 12 months, reported in item 1301 200, and that meet the following qualifying criteria:

d) they are issued by the government of Aruba;

e) they are issued by other governments including government agencies provided that they have an investment grade[31]; and

f) they are unencumbered.

Total liquid assets

Include in the row

530. Total Liquid Assets	the total amount of liquid assets to cover the resident and non- resident liquidity needs. The amount is derived as the sum of all the above calculated liquid assets.

6.11.3.5 Part III: Calculation of the liquidity position

1. Guidance on columns 4 and 5

Columns 4 and 5 "liquidity position"

The resident and non-resident liquidity positions are derived by deducting the total amount of required liquidity from the total amount of liquid assets.

Include in the row

540. Total Liquid Assets	the total amount of liquid assets reported in row 540.
550. Less: total required Liq.	the total amount of required liquidity reported in row 460.
560. Liquidity Position	the resident and non-resident liquidity positions. The positions are calculated as the sum of the total amount of liquid assets less the total amount of required liquidity.

6.11.4 Reporting instructions

The following paragraphs contain further details to complete each part of the supporting schedule 2B "*Prudential Liquidity Ratio and Loan-To-Deposit ratio*".

6.11.4.1 Calculation of the Prudential Liquidity Ratio (PLR)

Include in the account

11 Cash and Deposit balances	Report total cash and deposit balances as reported on the balance sheet.
12 Interbank Funds sold	Report total outstanding interbank funds sold as reported on the balance

[31] Investment grade means having a rating of at least BBB-, Baa3 or BBB (low) (and A-3, P3, F3 or R-s for short-term ratings) or higher, by a recognized external credit assessment institution (ECAI).

	sheet.
1306 TDs and CDs	Report the total outstanding amount of TDs and CDs which have a remaining term up to twelve months and are reported in items 1306 200 and 1306 300. The following conditions apply for these time deposits: a. the deposits are free from encumbrances; b. the deposits can be converted into cash within two business days; c. if break costs are applied when converting deposits into cash within two business days, than the deposits must be shown net of break costs.
Other Investments	A specific liquidity charge is attached to bonds for the calculation of the liquid assets. Bonds with a remaining maturity of one year or less may be considered for 100% as liquid funds and bonds with a remaining maturity more than one year may be included for 70% in the calculation of total liquid assets (refer to SS 9A for the remaining maturity spread).
Less: Pledged Assets	The pledged assets may not be included in the calculation of the PLR.

Total liquid assets

Report the sum of all the above reported liquid assets less the pledged assets, as reported on the balance sheet.

Less: Goodwill	Goodwill may not be included in the calculation of the PLR.
Less: Reserve Requirement	The reserve requirement (RR) is not accessible to the commercial banks nor remunerated. Therefore, the RR should be excluded from the calculation of the PLR.

Total assets (excluding Goodwill and RR)

Report the total outstanding amount of class 1 minus the activated Goodwill and the RR.

PRUDENTIAL LIQUIDITY RATIO (PLR)

Calculate and report the PLR, being the total liquid assets divided by the total assets (net of goodwill and RR), times one hundred percent.

6.11.4.2 Part II Calculation of the Loan-to-Deposit ratio

Report and calculate the required data as follows:

Total loans (net of provisions)

Report the total outstanding amount of loans minus the established allocated loan loss provisions as reported on the balance sheet.

Total deposits

Report the total outstanding amount of deposits as reported under item 2100 000 of the balance sheet.

LOAN-TO-DEPOSIT RATIO

The Loan-to-deposit ratio[32] is the quotient of the total loans (net of provisions) and the total deposits, times one hundred percent. The Loan-to-deposit ratio may not exceed 80 percent.

6.11.4.3 Liquidity Policy

At all times the reporting institution should have an overall liquidity position (aggregate of the resident and non-resident liquidity positions as reported in SS 2A) larger than zero (0).

The following four scenarios are possible:

	Resident	Non-resident
Scenario 1	surplus	surplus
Scenario 2	deficit	deficit
Scenario 3	surplus	deficit
Scenario 4	deficit	surplus

The possibilities to transfer liquid assets from one sector to the other will also be taken into account. To what amount this compensation is possible depends on the following items:

[32] The denominator "Total Deposits" of the Loan-to-deposit ratio, which ratio is automatically calculated in supporting schedule 2B "Prudential Liquidity and Loan-to-deposit calculation sheet", also takes into account the accrued interest on deposits, which are classified in the balance sheet under account 2604 "Accrued interest payable

- Surplus on the net foreign assets position, calculated as the total claims on non-residents (florin + foreign currency) minus the total liabilities to non-residents (florin + foreign currency);
- Foreign working balance: total claims on non-residents denominated in foreign currency minus the total liabilities to non-residents denominated in foreign currency;
- The maximum of permitted foreign working balance (maximum B-9 position).

Scenario 1:
Represents the desirable position from a liquidity point of view.
Scenario 2:
Represents a full liquidity deficit of the reporting institution. This situation must be addressed immediately.
Scenario 3:
The institution is faced with a non-resident deficit liquidity position. Compensation through a fictitious transfer from the resident liquidity surplus is possible provided the foreign working balance has not yet reached its maximum. The amount that could be compensated depends on:
- The extent of the domestic surplus, and
- The difference between the actual and the maximum foreign working balance.

Scenario 4:
The institution faces a resident deficit liquidity position. Compensation through a fictitious transfer from the non-resident surplus is possible provided the net foreign assets are positive.

6.11.5 DEFINITIONS
The following definitions apply for SS 2A.

6.11.5.1 Large deposit
A large deposit is a client's deposit or the aggregate of all its deposits whose balance exceeds 1% of the reporting institution's total amount of class 2 "Liabilities" as per the reporting date.

6.11.5.2 Large depositor
Is any individual, single legal entity or group of connected depositors which holds (a) large deposit(s).

6.11.5.3 Group of connected depositors "Group" means:
a) two or more natural persons or legal entities, holding deposits with the same reporting institution, and who constitute a single risk because one of them, directly or indirectly, exercises control over the other(s); or

b) two or more natural persons or legal entities, holding deposits with the same reporting institution, between which no such relationship of control exists but who are regarded as constituting a single risk, because they are so interconnected, if one of them were to experience financial problems, the other or all of the others would likely to encounter repayment problems. Interconnection may exist when at least one of the following criteria are met:

   i. common ownership or partnership;
   ii. common directorship (on managing and/or supervisory level);
   iii. cross-guarantees;
   iv. direct commercial interdependence which cannot be undone at short term.

   If on the basis of these criteria, interconnection between depositors is observed by a reporting institution, the aggregate deposits of these depositors should be classified as a single risk.

6.12 SUPPORTING SCHEDULE 2C: PLEDGED ASSETS

6.12.1 OBJECTIVE

1. SS 2C provides an overview of all the reporting institution's assets that have been pledged or assigned as collateral for any of the institution's real or contingent liabilities or for those of third parties. The information also serves for determining the amount of the liquid assets in SS 2A *"Liquidity report"*.
2. Securities classified as "Financial assets measured at fair value", "Financial assets measured at amortized cost" and "Investments in entities accounted for using the equity method" which were sold under a repurchase agreement and that do not qualify for de-recognition, according IFRS, should also be considered pledged assets.

6.12.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.12.3 INSTRUCTIONS

6.12.3.1 General instructions

Report the pledged assets after deduction of any specific provisions and after applying any impairments.

6.12.3.1 Reporting instructions

Include in the column:

1. Account Item	the corresponding CoA asset account item of each pledged or assigned asset

2-3. Amount Res. & Non. Res.	the balance of the pledged or assigned resident or non-resident asset.
4. Maturity Date	the contractual date on which the pledge or assignment of the asset will expire.
5. Name of Party	the name of the reporting institution on whose behalf the asset was pledged or assigned or the name of the third party on whose behalf the pledge or assignment was effectuated.
6. Name of beneficiary	the name of the person to whose benefit the asset has been pledged or assigned.

6.13 SUPPORTING SCHEDULE 3: CLAIMS & LIABILITIES WITH OTHER DEPOSITORY CORPORATIONS AND FINANCIAL INSTITUTIONS

6.13.1 OBJECTIVE

This schedule provides a breakdown of all claims and liabilities positions with other domestic (resident) and foreign (non-resident) banks and other financial institutions individually.

6.13.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.13.3 INSTRUCTIONS

6.13.3.1 General Instructions

All claims and liabilities of the reporting institution must be reported on a gross basis, in reference to items 1103 000, 1104 000, 1109 000, 1203 000, 1306 300, 1503 000, 1504 000, 2101 300, 2101 400, 2102 300, 2102 400, 2103 300, 2103 400, 2201 000, 2202 300, 2202 400 and 2500 000 of the CoA. No offsetting of debit and credit balances of a similar nature or in the name of one and the same customer is allowed.

6.13.3.2 Reporting instructions

Columns 1 and 2 are designed for the reporting of the outstanding claims and liabilities with other Aruban banks, including borrowings/financial liabilities by your bank in its own name (item 2200 000). Columns 3 and 4 serve for the reporting of the outstanding claims and liabilities from/to non-resident banks.

6.13.4 DEFINITIONS

For the relevant definitions to this supporting schedule reference is made to the general guidelines in this CoA.

6.14 SUPPORTING SCHEDULE 4: DUE FROM/DUE TO UNCONSOLIDATED AFFILIATES

6.14.1 OBJECTIVE

SS 4 provides an overview of all the reporting institution's balances due from and due to unconsolidated affiliates.

6.14.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.14.3 INSTRUCTIONS

6.14.3.1 General instructions

1. (Significant) investments are deducted from Tier 1 and Tier 2 capital as described in paragraphs 2.1.3 and 2.2.2 of the instructions of SS 1B *"Capital"*. Therefore these investments should not be included in SS 4. However, the instructions of this guideline apply on the other balances due from and due to the entities that make up the (significant) investments.
2. The balances due from unconsolidated affiliates and due to unconsolidated affiliates should be reported after deduction of applicable specific provisions and after applying any impairment.

6.14.3.2 Reporting instructions

<u>Include in the column</u>

A. Account Item	the balance sheet account item that corresponds to the unconsolidated affiliate balance.
B. Name	the name of each relevant unconsolidated affiliate whose exposures are reported in SS 4.
C. ODCs –Due from	all balances resulting from the ordinary course of correspondent business that are due from unconsolidated affiliate banks.
D. Others – Due from	all other balances resulting from covered transactions that are due from unconsolidated affiliates.
E. Total Due from	the total balances that are due from unconsolidated affiliates. The amount is automatically calculated.
F. ODCs –Due to	all balances resulting from the ordinary course of correspondent business that are due to unconsolidated affiliate banks.
G. Others – Due to	all other balances resulting from covered transactions that are due to unconsolidated affiliates.

H. Total Due to	the total balances that are due to unconsolidated affiliates. The amount is automatically calculated.

6.15 SUPPORTING SCHEDULE 5A: BREAKDOWN OF LOANS GRANTED BY COLLATERAL TYPE

6.15.1 OBJECTIVE

This schedule provides an overview of the gross loans and leases by collateral type.

6.15.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.15.3 INSTRUCTIONS

6.15.3.1 General instructions

Any loan granted should be reported on a gross basis.

6.15.3.2 Reporting instructions

The first 4 columns are reserved for loans which are secured by any of the following written guarantees.

1. Column1: Government;
2. Column 2: Written guarantee by others;
3. Column 3: Marketable securities;
4. Column 4: Mortgages.

Loans that are partly secured by cash collateral or mortgages should be reported under their respective columns up to the value of the security. Loans that are secured by pledged cash collateral, such as time deposits, should be reported under marketable securities. The mortgaged-backed loans should be reported under column 4. Furthermore, the remaining loans that are unsecured should be reported under column 5 "Other loans".

6.16 SUPPORTING SCHEDULE 5B: CREDIT EXTENSION TO PRINCIPAL SHAREHOLDERS, SUPERVISORY AND MANAGING DIRECTORS, RELATED/AFFILIATED COMPANIES AND EMPLOYEES

6.16.1 OBJECTIVE

SS 5B provides an overview to assess if the reporting institution complies with the restrictions on credit extension to the following group of persons, as set out in the CBA's supervisory directive III.3 "Credit extensions to Insiders". For the definitions of credit extensions and insiders, reference is made to the aforementioned supervisory directive.

6.16.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.16.3 INSTRUCTIONS

6.16.3.1 General instructions

1. In order to complete this SS 5B, the CBA's supervisory directive III.3 "Credit extensions to Insiders" should also be read.
2. The amounts of extended credit should be reported gross (i.e. before deduction of any specific provisions, and applying of any impairment.

6.16.3.1 Reporting instructions

Each reporting institution should calculate and report in the top of SS 5B the amounts that represents 1 % and 2% of its test capital as defined in the CBA's supervisory directive III.3 "Credit extensions to Insiders".

<u>Include in the column</u>

1. Direct Credit	all direct credit extension to the insiders and employees.
2. Indirect Credit	all credit extension to the related interests and immediate family of the persons that form part of groups 1, 2, 3 and 4 (rows 10 through 40). Indirect credit extension does not apply for group 5 "Employees) (row 60).
3. Total	the aggregate amount of the direct credit extension and the indirect credit extension. The amount is generated automatically as the sum of columns 1 and 2.
4. Excess 1% limit	the excess amount above the 1% individual limit.

5. Excess 2% limit	the excess amount above the 2% aggregate limit. The amount is generated automatically and will be used in SS 1B.

<u>Include in the row</u>

80. Number of employees	the number of employees of the reporting institution as per the reporting date.

6.16.3.3 Other instructions

1. The total outstanding amount of direct and indirect credit extension to the persons that form part of groups 1 (shareholders), 2 (supervisory directors), 3 (managing directors), and 4 (related/affiliated companies) may not exceed 2% on an aggregate basis, or 1% in case of individual credit extension, of the institution's total capital as defined in the CBA's supervisory directive III.3 "Credit extensions to Insiders".
2. If a particular individual qualifies to more than one group, e.g. an executive officer which is also a principal shareholder, than that individual should only be placed in the group with the lowest group number (group 1 in this example).
3. If an individual qualifies to one of the groups 1-5, (a direct relationship) and also qualifies to be reported as an indirect relationship, e.g. when credit is extended to an employee who is the spouse of an executive officer of the same reporting institution, than the extended amount should be reported only in the column "Direct credit extension" group 5 "Employees". To avoid duplication in such cases, the amount should not be reported in column 2. However, the reporting institution should still consider them as indirect credit extension to assess that it complies with the limit of 2% respectively 1% mentioned above.

6.17 SUPPORTING SCHEDULES 6: LARGE EXPOSURES

6.17.1 OBJECTIVE

1. SS 6 provides an overview of large exposures and any excess amount thereof of the reporting institution based on the CBA's supervisory directive III.2 "Large exposures to a group of connected clients". Any loan or combination of loans or lines of credit granted to one single customer or group of connected clients in excess of 15% of the credit institution's capital base (Tier 1 + Tier 2 capital) is considered a large loan and should be listed in SS 6. The objective of the large exposure rule is to limit the concentration of risk incurred in respect of a single client, or a group of connected clients or in respect of other (non-client-driven) business, such as investment in bonds, stocks, participating interest etc. Exposures are understood to be assets, as well as off-balance sheet items of the credit institutions.

6.17.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.17.3 INSTRUCTIONS

6.17.3.1 General instructions

1. In order to complete SS 6, due regard should also be given to the instructions in the CBA's supervisory directive III.2 "Large exposures to a group of connected clients".
2. The number of large exposures to report on SS 6 are as follows:.
   a) A reporting institution should report all its large exposures.
   b) Exposures to any one client or a group of connected clients may not exceed 25% of the institution's capital base. Only in exceptional cases and under the strict conditions that:
      a) it concerns an A-1 client with an excellent financial position and track record;
      b) the loan is well collateralized.

      Based on above two items, the management of a credit institution may decide to exceed this limit. However, under no circumstances the individual exposure to a client or a group of clients may exceed 35% of a credit institution's test capital.
   c) The total of all large loans, comprising all loans in excess of 15% of a credit institution's capital base, may not exceed 600% of a credit institution's capital base.

6.17.3.2 Reporting instructions

Every reporting institution should calculate and report in the top of SS 6 the respective amounts representing the requested percentage of the reporting institution's total capital as defined in the CBA's supervisory directive III.2 "Large exposures to a group of connected clients".

<u>Include in the column</u>

1.	Account Item	the balance sheet account item that corresponds to each exposure.
2.	Client code	a unique number that identifies the single client or group of connected clients or other (non-client-related) business which is related to the large exposure. Clients belonging to the same group of connected clients should be identified by the same unique number.
3.	Name	the name of the single client or each client belonging to the same group, or other (non-client-related) business which is related to the large exposure.

4. Exposure	the amount of any single exposure, (related) to a single client or a group of connected clients or other (non-client-related) business, which on its own or together with additional exposures (as a composite part) qualify as a large exposure. In case of composite exposures, its aggregate amount should also be reported after the single exposures that make up the composite amount.
5. Gross amount	the gross on-balance sheet amount of each large exposure. This amount is the amount before deducting any specific provisions, applying any allowance for impairment, and deducting any exemptions for large exposures as set out in the CBA's supervisory directive III.2 "Large exposures to a group of connected clients".
6. Specific provisions	any specific provision set up by the reporting institution for the large exposure.
7. Allowance for Impairment	any allowance set up by the reporting institution for the large impairment exposure.
8.–12. Exemptions	any of the following exempted exposures outlined in the CBA's supervisory directive III.2 "Large exposures to a group of connected clients". Other exposures with the same qualifications should also be included: (a) to the Government and/or the, public authorities of certain countries with the distinct prior written approval of the CBA; (b) exposures secured by an explicit and irrevocable guarantee or pledge of one of both authorities mentioned above; (c) exposures fully secured by cash deposits[33] (whether or not compensated) or by securities listed on a Stock Exchange ; and or (d) interbank exposures with a remaining maturity of 6 months or less.
13. Net amount	the net amount to each single client or group of connected clients or other (non-client-related) business with respect to the large exposure or any other exposure. The net amount is calculated as each gross amount in column 5 less the amounts reported in columns 6 through 12.
14. Excess amount	the aggregate amount of all net amounts to a single client or group of connected clients or other (non-client-related) business, may not exceed 35% of the reporting institution's capital base.

33 These include cash deposits maintained at other banking institutions, not being subsidiaries of the reporting institution.

6.17.4 DEFINITIONS

6.17.4.1 Large exposure

Is an exposure to a group of connected clients, to a single client or group of connected clients or other (non-client-related) business, whose (aggregate) amount exceeds 15% of the reporting institution's capital base (Tier 1 + Tier 2 capital).

6.17.4.2 (Non-client-related) business

Includes business such as investments in bonds, stocks and participating interest.

6.17.4.4 Capital base

Is the total capital base as defined in SS 1B "*Capital*", as per the end of the month preceding the reporting date.

6.17.4.5 A group of connected clients means:

a) two or more natural or legal persons who, unless it can be shown otherwise, constitute a single risk because one of them, directly or indirectly, exercises control over the other(s); or
b) two or more natural or legal persons between whom there is no relationship of control as referred to above, but who are regarded as constituting a single risk, because they are interconnected to such an extent that, if one of them encounters financial problems, the other(s) are likely to encounter repayment difficulties.

   Interconnection may exist when at least one the following criteria is met:

   i. common ownership or partnership;
   ii. majority of directors (managing and/or supervisory director);
   iii. cross-guarantees;
   iv. direct commercial interdependence that cannot be substituted in the short term.

If on the basis of these criteria, interconnection between clients is observed by a credit institution (reporting institution), the aggregate exposures of these clients should be classified as a single risk.
The exposures to executive officers and supervisory directors of a client, being a legal entity, are not considered exposure to that client and should be excluded when calculating the exposure to that client.

6.18 SUPPORTING SCHEDULE 7: CURRENT ACCOUNT OVERDRAFTS

6.18.1 OBJECTIVE

SS 7 provides an overview of current accounts overdrafts. The information serves for monitoring and assessing the quality of the institution's loan portfolio.

6.18.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.18.3 INSTRUCTIONS

6.18.3.1 General instructions

1. All amounts should be reported gross (i.e. before deducting any specific provisions).
2. A restructured troubled loan should be reported in the original period denoting its delinquency as prior to its restructuring. Such a loan should no longer be considered a restructured troubled loan in the event that the borrower has paid the full amount of the rescheduled contractual principal and interest payments for a straight period of at least six months since the restructuring, and has paid all overdue amounts. The loan should then be reported as a performing loan.

6.18.3.2 Reporting instructions

<u>Include in the column:</u>

1. Aggregate Current Account Overdrafts: the aggregate balances of all current account overdrafts, including the balance of expired current account overdrafts per sector.
2. Current Account Overdrafts Balance: the aggregate balance of only the current account overdrafts, including the balance of expired current account overdrafts contained in the relevant items of the balance sheet, per sector.
3. Current Account Overdrafts Limits: the aggregate limit of the current account overdrafts in column 2, per sector.
4. Current Account Overdrafts Excess: the amount by which the aggregate balance of current account overdrafts is in excess of the current accounts overdrafts limit.

<u>Note</u>

In case of several current account overdrafts held by one client, the account balances and their relevant data, such as the limits may be considered individually or as a group, depending if all these accounts fall in the same sector. If the client can only be classified in one of the sectors, all current account overdraft balances and other required information should be included in the row of the relevant sector. However, if the customer can be classified under more than one sector, mentioned information should be reported under each of the relevant sectors based on which the account was opened. E.g. all the aggregate outstanding amounts of the current accounts opened for the business of a proprietorship (e.g. a minimarket) should be reported in column 1 on the row "Other Nonfinancial Corporations". The aggregate outstanding amounts of all current accounts opened for the personal needs of the owner should be reported in column 1 on the row "Households". Of each current account that is overdrawn, the information as specified for columns 2, 3 and 4 should be reported.

6.19 SUPPORTING SCHEDULES 8 AND 8A: ALLOCATED LOAN LOSS PROVISIONS AND EXPLANATIONS FOR LARGE VARIANCES ON NON-PERFORMING LOANS

6.19.1 OBJECTIVE

These schedules are intended to collect information on borrowers for whom specific provisions have been formed. The allocated loan loss provisions (ALLP) is a specific provision for loans for which it is foreseen that full repayment will not take place.

6.19.2 SCOPE AND FREQUENCY

All reporting institutions should file these reports monthly on a consolidated basis.

6.19.3 INSTRUCTIONS

6.19.3.1 General instructions

For the determination of the ALLP, reference is made to the applicable IFRS.

6.19.3.2 Reporting instructions

The following part contains further details for the completion of SS 8.

<u>Include in column</u>

1. Amount Outstanding (Stage 1) the gross outstanding amount of the facility (current account overdrafts, term loans, mortgages, finance leases, and other loans), classified as stage 1 under IFRS.

2. Amount Outstanding (Stage 2) the gross outstanding amount of the facility (current account overdrafts, term loans, mortgages, finance leases, and other loans), classified as stage 2 under IFRS.

3. Amount Outstanding (Stage 3)	the gross outstanding amount of the facility (current account overdrafts, term loans, mortgages, finance leases, and other loans), classified as stage 3 under IFRS.
4. Total Amount Outstanding	the total gross outstanding amount of the facilities (current account overdrafts, term loans, mortgages, finance leases, and other loans), classified as stage 1, 2, and 3 under IFRS.
5. Estimated value collateral	**t**he estimated value of real estate or items such as, cash, pledged TDs, personal guarantees, etc. used as collateral for the subject loan.
6. ALLP	The established loan loss provision for the delinquent/non-performing loans in accordance with IFRS.

<u>Note</u>

SS 8A provides an overview of the variances in the non-performing loans in the reporting month when compared to the balances reported in the previous month.

6.20 SUPPORTING SCHEDULE 9A: MATURITY GAP ANALYSIS

6.20.1 OBJECTIVE

SS 9A provides a breakdown of all asset and liability amounts classified according to their remaining repayment terms. The information serves for monitoring the surplus or deficit per term in respect of the reporting institution's liquidity and Asset-Liability Management.

6.20.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.20.3 INSTRUCTIONS

6.20.3.1 General instructions

Asset and liability amounts should be reported after deducting any specific provisions, and any allowance for impairments.

6.21.3.2 Reporting instructions

a) Report each asset and liability according to its remaining repayment term, based on the agreement governing the underlying asset or liability.
b) If the agreement requires multiple payments over several time periods, each repayment of principal and/or interest should be reported in the appropriate "Remaining terms (in months)" column. In

such case, the full amount of the asset or liability should not be reported in the column for the final repayment.

a) The total amount of assets and liabilities in the following accounts and items should always be reported in column 1. "Demand":

i.	Account 11	Cash and Deposit Balances
ii.	Account 12	Interbank Funds - Sold
iii.	Item 1301/1302	Financial Assets measured at fair value
iv.	Item 1305 100	Derivatives Financial Assets
v.	Item 1401	Current Account Overdrafts
vi.	Item 2101	Demand Deposits
vii.	Item 2102	Savings Deposits
viii.	Item 2201	Financial Liabilities measured at fair value
ix.	Item 2300	Derivatives Financial Liabilities
x.	Item 2400	Interbank Funds bought

<u>Note</u>

If a deposit balance can be withdrawn at any time without notice, based on the agreement between the reporting institution and the account holder, but in practice has a term longer than 'on demand', that deposit should still be reported in the column demand.

d) The full amount of account 17 "Property, Plant and Equipment" should always be reported in the column "Remaining terms (in months) > 24 months".

e) The amount of all other assets and liabilities should be reported according to the time period(s) in which the repayments are scheduled.

6.21 SUPPORTING SCHEDULE 9B: INTEREST RATE REPRICING

6.21.1 OBJECTIVE

SS 9B provides a breakdown of all asset and liability amounts classified according to their first possible reprising date. The information serves for assessing the interest rate risk that the reporting institution may experience due to interest rate reprising.

6.21.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.21.3 INSTRUCTIONS

6.21.3.1 General instructions

Assets and liabilities should be reported after deduction of any specific provisions, and after applying any impairments.

6.21.3.2 Reporting instructions

a) Report each asset and liability amount according to the first possible date that its interest rate can be reprised, based on the agreement governing the asset or liability.
b) Where in the case of fixed rate assets or liabilities, the aforementioned agreement requires multiple repayments over several time periods, each repayment of principal and/or interest should be reported in the appropriate "Remaining terms (in months)" column.
c) Where in the case of repriseable rate assets or liabilities, the aforementioned agreement requires multiple repayments over several time periods, all repayments of principal and/or interest should be reported in the appropriate "Remaining terms (in months)" column. This column is the first possible time period in which the interest rate can be reprised.
d) the total amount of the assets and liabilities in the following accounts and items should always be reported in the column "Demand":

i.	Account 11	Cash and Deposit Balances
ii.	Account 12	Interbank Funds-Sold
iii.	Item 1301	Financial Assets measured at fair value
iv.	Item 1305 100	Derivatives-Financial Assets HFT
v.	Item 1305 200	Derivatives- Financial Assets HFH
vi.	Item 1401	Current Account Overdrafts
vii.	Item 2101	Demand Deposits
viii.	Item 2102	Savings Deposits
ix.	Item 2201	Financial Liabilities measured at fair value
x.	Item 2202	Financial Liabilities measured at amortized cost
xi.	Item 2301	Derivatives-Financial Liabilities HFT
xii.	Item 2302	Derivatives-Financial Liabilities HFH
xiii.	Item 2400	Interbank Funds-Bought.

e) The full amount of account 17 "Property, Plant and Equipment" and the investments in unconsolidated affiliates, should always be reported in the column "Remaining terms (in months) > 24 months".

f) The amount of all other assets and liabilities should be reported according to the time period(s) in which the (re)payments of the assets or liabilities will reprise or can be reprised.

g) Of all assets and liabilities:

   i. the following total amounts are reported for each time period:

      1. The total amount repriseable in the period itself (on the line "Period"); and
      2. the total cumulative amount (on the line "Cumulative") which comprise the amounts that are repriseable in that period plus the amounts which are repriseable in all preceding time periods.

   ii. the following net surplus/deficit amounts are reported for each time period:

      1. The total amount repriseable in the period itself (on the line "Period"). It is calculated as the abovementioned total period amount for assets less the total period amount for liabilities in the period itself; and
      2. the total cumulative amount (on the line "Cumulative"), which comprise the amounts repriseable in that period plus the amounts repriseable in all preceding time periods.

6.22 SUPPORTING SCHEDULE 10: LARGE DEPOSITORS

6.22.1 OBJECTIVE

SS 10 provides an overview of the reporting institution's large deposits of an individual, single legal entity or group of connected depositors ("Group"), together hereinafter "the client". The information serves for determining the large deposits of clients, based on which the reporting institution should maintain additional liquidity in SS 2A "Liquidity Report".

6.22.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.22.3 INSTRUCTIONS

6.22.3.1 General instructions

1. The deposits that exceed 1% of the reporting institution's total amount of class 2 "Liabilities" as per the reporting date, should be reported in SS 10.
2. Of each client, report first all demand deposits, followed by all time deposits with remaining maturity equal to or less than 1 month, and followed by all the other time and savings deposits.

6.22.3.2 Reporting instructions

Each reporting institution should calculate and report in the top of SS 10 the amount that represents 1 % of its total amount of class 2 "Liabilities" as per the reporting date.

<u>Include in the column</u>

1. Row	
2. Code	a unique code for each client. Each deposit of a client should be identified by the same code.
3. Name	the name of the client. In case of a Group, mention the name of the depositor in whose name the deposit is.
4. Item	the CoA Account item number under which the clients' deposit is classified. The item numbers regard those under items 2101 000 (demand deposits), 2102 000 (savings deposits) and 2103 000 (time deposits).
5. Maturity date	the maturity date of each time deposit.
6. Balance per deposit	the balance of each reported deposit.
7. Balance Total	the total amount of all the balances of column 6, for each client. This amount should exceed 1% of the reporting institution's total amount of class 2 "Liabilities" as per the reporting date.

6.22.4 DEFINITIONS

Reference is made to the definitions included in paragraph 6.11.5. in the section "Loan-to-Deposit ratio".

6.23 SUPPORTING SCHEDULE 11: COUNTRY RISK EXPOSURE

6.23.1 OBJECTIVE

This schedule provides an overview on the credit institutions' country risk exposure.

6.23.2 SCOPE AND FREQUENCY

All reporting institutions should file this report once a year together with the CoA pertaining to the month of December.

6.23.3 INSTRUCTIONS

6.23.3.1 General instructions

1. Any loan, investment and/or off-balance sheet item to a foreign country is considered a country risk

exposure and should be disclosed in this supporting schedule. Each credit institution should monitor on an ongoing basis its country risk exposure, and assess whether a country risk provision should be formed against this exposure. A country risk provision should be treated as a specific provision, and, thus, be deducted from the respective loans/investments for which a country risk provision is formed. Reference is also made to CBA's policy paper IV.5 "Country Risk Management").

6.23.3.2 Reporting instructions

Report the following data for the country in question as follows:

1. Credit portfolio	Report the outstanding (gross) amount of the total loan (including credit facilities) exposure to counterparties established in a single country.
2. Trade portfolio	Report the outstanding (gross) amount of the total investment exposure to counterparties established in a single country.
3. Off-balance sheet items	Report the outstanding (gross) amount of the total off-balance sheet items exposure to counterparties established in a single country, such as guarantees issued on behalf of foreign clients, reserved but unused credit facilities.
4. Total credit exposure	The total country risk exposure consists of the aggregate exposure to counterparties established in a single country, being the sum of the credit portfolio (column 1), trade portfolio (column 2) and off-balance sheet items (column 3).
5. Allowed deductions	The allowed deductions comprise the following items: 1. provisions for loan losses; 2. net positions covered by guarantees and other securities, if both political and transfer risks are adequately covered; 3. assets covered by credit insurance; 4. back to back positions; 5. trade financing exposures with a maturity: a. ≤ 1 year, if payment history of the debtor-country is normal; b. ≤ 3 years, provided that stable conditions existed in the debtor-country for the past ten years.
6. Net country risk exposure	The net country risk exposure (column 6) is calculated by deducting/excluding the allowed deductions (column 5) from the total country risk exposure (column 4).

6.23.4 DEFINITIONS

Country risk is defined as the risk on a consolidated basis of:

1. A foreign public authority failing to meet its obligations (sovereign risk); and/or
2. A foreign public authority placing restrictions on funds transfers from other debtors in its country to foreign creditors (transfer risk); and/or
3. A significant number of debtors in a single country being unable to meet their obligations owing to a specific cause (collective debtor risk). Examples of such a cause war, political or social unrest, natural disasters and national policy failures in achieving macro-economic and/or financial stability.

6.24 SUPPORTING SCHEDULE 11A: FOREIGN EXCHANGE EXPOSURE SUMMARY

6.24.1 OBJECTIVE

SS 11A measures the mismatch (open position) of foreign currency asset and liability positions to assess the potential vulnerability of the reporting institution's capital position to exchange rate movements.

6.24.2 SCOPE AND FREQUENCY

All reporting institutions should file this report quarterly on a consolidated basis.

6.24.3 INSTRUCTIONS

Fill in the outstanding asset and liability positions per currency category. The gross exposure is calculated by taking the total assets minus the total liabilities. The net exposure is calibrated by adding the other coverage increase/ (losses) to the gross exposure per currency category.

6.25 SUPPORTING SCHEDULE 12: GROSS TO NET BALANCES

6.25.1 OBJECTIVE

SS 12 provides an overview of the reporting institution's balance sheet items from a gross balance to net balance basis. The information serves to support the reported information on SS 2A "Liquidity report".

6.25.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

6.25.3 INSTRUCTIONS

6.25.3.1 Reporting instructions

<u>Include in the column</u>

Gross balance	The gross balance of all the assets (before deducting any specific provisions and allowances for impairment) or liabilities on the appropriate line according to the residency (resident or non-resident status) of the obligor or creditor and the currency (Afl. or Forex) in which the asset or liability is stated. The gross balance of the asset or liability should equal the amount of said asset or liability reported in Classes 1 and 2 of the balance sheet.
Compensations	Any compensated amount of asset and liability on the appropriate line according to the residency of the obligor or creditor and the currency in which the asset or liability is stated.
Specific provisions/ Impairments	any specific provisions and any impairments that have been set up for identified losses/impairments for specific assets on the appropriate line according to the residency of the obligor and the currency in which the asset is stated.
Net balance	the sum of the gross balance of the asset or liability net of compensations, specific provisions and impairments.

7 SUPPORTING SCHEDULES FOR MONETARY SUPERVISION

7.1 INTRODUCTION

In view of the CBA's responsibility for monetary supervision, the reporting institutions, specified in the following section 7.2, should periodically submit to the CBA, for monetary supervision, the Supporting Schedules (SSs) as set out in section 7.3.

7.2 SCOPE AND FREQUENCY

1. For the submission of these SSs, the reporting institutions should only refer to commercial banks.
2. Each reporting institution should duly complete these SSs, also referred to as CoA reports, in accordance with reporting instructions. Upon login, the reporting institution's name is generated automatically in the heading of each SS.
3. If there is nothing to report in a CoA report, the reporting institution must still submit it in accordance with the submission procedure of CoA reports set out in paragraph 2.4.2 of Chapter 2 "General Guidelines".

7.3 SUPPORTING SCHEDULES FOR MONETARY SUPERVISION

These Supporting Schedules (SSs) comprise:

- SS 13 Reserve Requirements;
- SS 14 Net Foreign Assets;
- SS 15A Domestic Loans and Acceptances;
- SS 15B New 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;
- SS 19 Savings Deposits;
- SS 20 A Interest Rates on New Loans; and
- SS 20 B Interest Rates on New Deposits.
- SS 21 Balance Sheet – Weekly report

7.4 SUPPORTING SCHEDULE 13: RESERVE REQUIREMENT

7.4.1 OBJECTIVE

SS 13 provides a breakdown of the relevant liabilities for the calculation of the reserve requirement. The reserve requirement arrangement is aimed primarily to influence the money creating capacity of the domestic banking system in Aruba. Under the arrangement, commercial banks should place a non-interest-bearing deposit (‘reserve requirement') on a blocked account with the CBA for a predefined period of time.

7.4.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.4.3 INSTRUCTIONS

7.4.3.1 General instructions

The amounts should be reported gross. The amounts should only include the relevant activities that regard the operations of the reporting institution in Aruba.

7.4.3.2 Reporting instructions

<u>Include in the columns</u>

1 and/or 2, 3, 4	the amounts of the relevant liability accounts 2101, 2102, and 2103, broken down by resident and non-resident.

<u>Include in the row</u>

Total Deposits	the aggregate amounts of columns 1, 2, 3, and 4.
Less: time deposits >1y	the resident time deposits with a remaining term of > 1 year to maturity; the data is obtained automatically from rows 30 and 40, columns 1, 2, 3, and 4 of SS18 “*Maturity of Time Deposits*”.
Total Adjusted Deposits	the aggregate net amount of the domestic and foreign debt less the amount of resident time deposits with a remaining term of >1 year to maturity.

7.5 SUPPORTING SCHEDULE 14: NET FOREIGN ASSETS

7.5.1 OBJECTIVE

SS 14 provides a breakdown of the foreign assets and liabilities. These data serve for calculating the net foreign assets position of the commercial banks. The commercial banks are not allowed to have a negative net foreign assets position.

7.5.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.5.3 INSTRUCTIONS

7.5.3.1 General instructions

The amounts should be reported gross (before deducting specific provisions and the applying impairment). The amounts should only include the relevant activities that regard the reporting institution's operations in Aruba.

7.5.3.2 Reporting instructions

Include in the column:

1 and 2	amounts with a remaining term of ≤ 1 year to maturity that relates to non-residents and pertains to the account items of class 1 and 2 of the balance sheet.
3 and 4	amounts with a remaining term > 1 year to maturity that relates to non-residents and pertains to the account items of class 1 and 2 of the balance sheet.
5. Total	the aggregate amount of the relevant columns 1 through 4.

Include in the row

"Short term net foreign assets position": the difference between the total foreign assets less total liabilities reported in the abovementioned columns 1 and 2.

"Total net foreign assets position": the difference between the total foreign assets of column 5 less the total foreign liabilities of column 5.

7.6 SUPPORTING SCHEDULE 15A: DOMESTIC LOANS AND ACCEPTANCES

7.6.1 OBJECTIVE

SS 15A provides an overview of balances of domestic loans and customers' liabilities on bankers' acceptances (acceptances) [34] by economic sector.

7.6.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.6.3 INSTRUCTIONS

7.6.3.1 General instructions

The amounts should be reported gross (being the balance of the loan before deduction of specific provisions). The amounts should only include the relevant activities that regard the reporting institution's operations in Aruba.

7.6.3.2 Reporting instructions

<u>Include in the columns</u>

1 through 5	the extended amounts of the domestic loans and created acceptances, using the definitions according to the "International Standard Industrial Classifications Codes (ISIC Codes)" in attachment K.

<u>Include in the rows</u>

180, 210 and 220	the aggregate amounts of the extended loans and created acceptances to the private sector, public sector, and both sectors, respectively.

[34] Domestic loans and acceptances comprise the loans and acceptances related to residents of Aruba

7.7 SUPPORTING SCHEDULE 15B: NEW DOMESTIC LOANS AND ACCEPTANCES

7.7.1 OBJECTIVE

SS 15B provides an overview of the balances of new domestic loans and customers' liabilities on bankers' acceptances (acceptances) [35] by economic sector by the reporting institutions that were extended and created during the reporting month.

7.7.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.7.3 INSTRUCTIONS

7.7.3.1 General instructions

The amounts of the extended new loans, leases and created acceptances should be reported gross (being the amount of the loan before deduction of specific provisions). The amounts should only include the relevant activities that regard the reporting institution's operations in Aruba.

7.7.3.2 Reporting instructions

<u>Include in the columns</u>

1 through 5	the amounts of the new domestic loans and acceptances, using the definitions according to the ISIC Codes in attachment K.

<u>Include in the rows</u>

180, 210 and 220	the aggregate amount of the new domestic loans and acceptances to the private sector, public sector, and both sectors, respectively.

[35] New domestic loans and acceptances comprise the new loans and acceptances related to residents of Aruba.

7.8 SUPPORTING SCHEDULE 15C: FOREIGN LOANS AND ACCEPTANCES

7.8.1 OBJECTIVE

SS 15C provides an overview of balances of foreign loans and customers' liabilities on bankers' acceptances (acceptances) [36] by economic sector.

7.8.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.8.3 INSTRUCTIONS

7.8.3.1 General instructions

The amounts should be reported gross (being the balance of the loan before deduction of specific provisions). The amounts should only include the relevant activities that regard the reporting institution's operations in Aruba.

7.8.3.2 Reporting instructions

<u>Include in the columns</u>

1 through 5	the amounts of the foreign loans and acceptances, using the definitions according to the ISIC Codes in attachment K.

<u>Include in the rows</u>

180, 210 and 220	the aggregate amounts of the foreign loans and acceptances to the private sector, public sector, and both sectors, respectively.

[36] Foreign loans and acceptances comprise the loans and acceptances related to non-residents.

7.9 SUPPORTING SCHEDULE 16: NEW DOMESTIC LOANS BY TYPE AND ACCEPTANCES

7.9.1 OBJECTIVE

SS 16 provides an overview of the new domestic loans by type and new customers' liability on bankers acceptances (acceptances)[37] that were extended and created in the reporting month.

7.9.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.9.3 INSTRUCTIONS

7.9.3.1 General instructions

The amounts of the extended new loans and created new acceptances should be reported gross (being the balance of the loan before deduction of specific provisions) and before deducting any possible installments or other repayments made thereon. The amounts should only include the relevant activities that regard the reporting institution's operations (offices) in Aruba.

7.9.3.2 Reporting instructions

<u>Include in the columns</u>

1 through 7	the amounts of the new domestic loans that were extended for business, consumer and mortgage to the relevant type of borrower. The new mortgages for (purchase of) real estate, construction and other purpose are defined in the following paragraph 7.9.4.
8	the amounts of new acceptances created in relation to the relevant counterparty.

7.9.4 DEFINITIONS

The following definitions apply for SS 16.

7.9.4.1 Mortgage construction loans

Comprises:

a) All loans secured by real estate and made to finance:
   i. land development;
   ii. the construction of industrial, commercial, residential, farm and government buildings; and

[37] Domestic loans and acceptances comprise the loans and acceptances related to residents of Aruba.

    iii. additions and/or alterations to existing land and buildings.

b) All loans secured by real estate, where the proceeds are to be used to acquire and improve undeveloped property, and whose development and construction and addition and improvement have not been completed.

7.9.4.2 Mortgages for (purchase of) real estate

Comprises:

a) mortgage loans, contained in item 1403 000 of the balance sheet, which are/were used for the purchase (ownership) of real estate property; and

a) mortgage loans, contained in item 1403 000 of the balance sheet, which comprise mortgage construction loans for which the structure is completed as set out in the definition of mortgage construction loans in paragraph 7.9.4.1.

7.9.4.3 New loan

Is the extended loan amount in the reporting month, excluding:

a) any existing loan for which the remaining term has not elapsed and for which a new loan contract is entered into in the reporting month for aforementioned remaining term;

b) any other existing loan (amount), whether or not for which the terms are modified, and whether or not the type of which is modified, and for which a new loan contract is entered into in the reporting month; and

c) the amount of the acceptance which is reported in a prior reporting period and is converted into a new loan in the reporting month.

7.9.4.4 New acceptance

Is the acceptance amount created by the reporting institution in the reporting month.

7.10 SUPPORTING SCHEDULE 17: CREDIT CARD LOANS, CAR LOANS AND OTHER LOANS

7.10.1 OBJECTIVE

SS 17 provides a breakdown of outstanding credit card loans, car loans and other loans.

7.10.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.10.3 INSTRUCTIONS

7.10.3.1 General instructions

The amounts should be reported gross (being the balance of the loan before deduction of specific provisions. The amounts should only include the relevant activities that regard the reporting institution's operations (offices) in Aruba.

7.10.3.2 Reporting instructions

<u>Include in the columns</u>

1 through 4	the outstanding amounts of credit card loans, car loans and other loans to residents and nonresidents, contained in the relevant items on the balance sheet, and broken down by type of borrower.
5. Total	the aggregate amount of columns 1 through 4.

7.11 SUPPORTING SCHEDULE 18: MATURITY OF TIME DEPOSITS

7.11.1 OBJECTIVE

SS 18 provides a breakdown of the time deposits[38] and financial liabilities according to the remaining term of the balances.

7.11.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.11.3 INSTRUCTIONS

7.11.3.1 General instructions

The amounts should be reported gross. The amounts should only include the relevant activities that regard the reporting institution's operations (offices) in Aruba.

7.11.3.2 Reporting instructions

<u>Include in row</u>

10.	the time deposits of residents and non-residents, with a remaining term of less than one month;
20.	the time deposits of residents and non-residents, with a remaining term ≥ than one month but < than one year;
30.	the time deposits of residents and non-residents, with a remaining term ≥ than one year but < than two years;
40.	the time deposits of residents and non-residents, with a remaining term ≥ than two years; and
50.	the total time deposits of residents and nonresidents at the end of the reporting month.

[38] Excluding time deposits to depository corporations (banks) and to central banks.

7.12 SUPPORTING SCHEDULE 19: SAVINGS DEPOSITS

7.12.1 OBJECTIVE

SS 19 provides a breakdown of the savings deposits and the changes in the balances during the reporting month.

7.12.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.12.3 INSTRUCTIONS

7.12.3.1 General instructions

The amounts should be reported gross.

7.12.3.1 Reporting instructions

<u>Include in row</u>

10.	the savings deposit's closing balance at the end of the previous reporting month;
20.	the amount of new savings deposits received in the reporting month;
30.	the amount of interest credited to the savings deposits during the reporting month;
40.	the amount of savings deposits withdrawn in the reporting month;
50.	the amount of savings deposits that were shifted to time deposits.

<u>Note</u>

Calculate for each month-end, the total withdrawn amount on all <u>savings deposits (separately for residents and for non-residents)</u>. Each decrease in savings deposits due to a withdrawal is considered a withdrawal to include in the above-mentioned calculation. However, in case all conditions mentioned below are met, and the withdrawn amount is fully or partially used to open a time deposit, that full or partial amount should not be considered a withdrawal of savings deposits, and should be reported in row 50 of the SS 19.

Conditions:

The above-mentioned withdrawal of the savings deposit and the opening of the time deposit should be:

a) effectuated on the same day;
b) consecutive transactions; and
c) with the reporting institution.

50. Shift to the full or partial amount of the withdrawn savings deposits which time deposits were used to open a time deposit, and that meets the conditions set out in the note above.

60. The savings deposits closing balance at the end of the reporting month.

70. The total number of passbooks, written agreements and receipts by which the savings deposits are evidenced.

7.13 SUPPORTING SCHEDULE 20A: INTEREST RATES ON NEW LOANS

7.13.1 OBJECTIVE

SS 20A provides information on the interest rate charged on all resident new loans (including staff loans) negotiated by the reporting institution in the reporting month.

7.13.2 SCOPE AND FREQUENCY

All reporting institutions should file this report on a monthly basis.

7.13.3 INSTRUCTIONS

7.13.3.1 General instructions

The amounts should be reported gross (being the balance of the loan before deduction of specific provisions). The amounts should only include the relevant activities that regard the reporting institution's operations (offices) in Aruba.

7.13.3.2 Reporting instructions

Commercial banks are asked to insert the total amount/number of new resident loans booked within the annual percentage rate (APR) ranges shown. The highest and lowest rate offered are to be reported for each loan category in the spaces provided. Loan values are to be reported to the nearest Afl. 1,000.

7.14 SUPPORTING SCHEDULE 20B: INTEREST RATES ON NEW DEPOSITS

7.14.1 OBJECTIVE

SS 20B provides information on the interest paid on all resident new deposits by the reporting institution in the reporting month.

7.14.2 SCOPE AND FREQUENCY

All reporting institutions should file this report monthly on a consolidated basis.

7.14.3 INSTRUCTIONS

7.14.3.1 General instructions

The amounts should be reported gross (being the balance of the loan before deduction of specific provisions). The amounts should only include the relevant activities that regard the reporting institution's operations (offices) in Aruba.

7.14.3.2 Reporting instructions

Commercial banks are asked to insert the total amount/number of new resident deposits booked within the nominal rate ranges shown. The highest and lowest rate granted are to be reported for each deposit category in the spaces provided. Deposit values are to be reported to the nearest Afl. 1,000. It should be noted that all rollovers for the month should be reported as new deposits.

7.15 SUPPORTING SCHEDULE 21: BALANCE SHEET – WEEKLY REPORT

7.15.1 OBJECTIVE

SS 21 provides an overview of the main categories of the balance sheet on a weekly basis. Consequently, SS 21 is a condensed version of the monthly balance sheet.

7.15.2 SCOPE AND FREQUENCY

All reporting institutions should file this report weekly on a consolidated basis.

7.15.3 INSTRUCTIONS

Fill in the outstanding asset, liability and equity positions as per the end of the reporting period. Please note that the general guidelines for the preparation of the monthly balance sheet should be used for the preparation of the weekly balance sheet.

8 DEFINITIONS

The following definitions apply for the CoA Manual (Main Document, and CoA Reports and Examples document).

"Affiliate" means:

a) any entity that controls the reporting institution (parent entity);
b) any entity that controls the entity that controls the reporting institution (ultimate parent entity or entities);
c) any other entity that is controlled by any of the above-mentioned entities that controls the reporting institution (sister entities);
d) subsidiaries of the reporting institution;
e) an entity that directly, or indirectly through one or more intermediaries has joint control over the entity;
f) an entity, including an unincorporated entity such as a partnership, over which the investors have significant influence and that is neither a subsidiary nor an interest in a joint venture;
g) an entity that is a joint venture in which the reporting entity is a venturer;
h) any entity in which the majority of its (supervisory or managing) directors constitute a majority of the (supervisory or managing) directors of the reporting institution or any entity that is controlled by the reporting institution;
i) an entity in which the reporting institution exercises management control through the right to appoint directors or executive officers of the affiliated entity; and
j) any entity that the CBA determines to have a relationship with the reporting institution or any of its affiliates, such that transactions with that entity may be affected by the relationship of the entity with the reporting institution, its affiliates. In summary, affiliates are entities related to the reporting institution.

"Assets Gold Bullion Own Vault Or Allocated Basis Amount" is the value, as at the relevant date, of gold bullion held in the reporting party's own vault or on an allocated basis by another party to the extent that it is backed by gold bullion liabilities. It includes all claims collateralized by gold to the extent that the underlying claim being collateralized is denominated in gold. It excludes gold held in safe custody for other institutions, and gold held on an unallocated basis by another party, although backed by gold bullion liabilities.

“Banking group” means a group that engages predominantly in banking activities.

“CoA reports” comprise the Balance Sheet, the Profit and Loss Statement, the Contingent Liabilities, the Sub-Reports and the Supporting Schedules.

“Concentration risk” as defined in the CBA’s supervisory directive III.2 “*Large exposures to a group of connected clients*”.

“Consolidated financial statements” are the financial statements of a group presented as those of a single economic entity.

“Control” is the power to direct the relevant activities of an entity (affiliate) so as to affect the amount of the investor’s returns. Control by a reporting institution is presumed to exist when the reporting institution owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. Control by a reporting institution also exist when the reporting institution owns directly or indirectly less than a majority of the voting power of an entity where there is:

a) power by virtue of a contractual arrangement with other investments;
b) power arising from other contractual arrangements such as a statute and/or other arrangement;
c) power through investor’s voting rights (size, potential voting rights, rights arising from other contractual arrangements and any additional facts and circumstances including voting patterns at previous shareholders’ meetings;
d) power through potential voting rights held by the investor and held by other parties.

“Counterparty” means a person, whether natural, legal entity or proprietorship.

“Credit extension” as defined in the CBA’s supervisory directive III.3 “*Credit extensions to insiders”*.

“Gold bullion liabilities” include, gold borrowings, gold futures and forward sales of gold.

“Group” means a parent with all its subsidiaries.

“Group of connected counterparties” as defined in the CBA’s supervisory directive III.2 “*Large exposures to a group of connected clients”*.

“Higher range of investment grade” means rated at least BBB or Baa2 or higher, by a recognized ECAI.

“Investment grade” means having a rating of at least BBB-, Baa3 or BBB (low) (and A-3, P3, F3 or R-s for short-term ratings) or higher, by an ECAI recognized by the CBA.

“Large exposure” as defined in the CBA’s supervisory directive III.2 *“Large exposures to a group of connected clients”*.

“Mortgage construction loans” comprises:

a) All loans secured by real estate, and made to finance:
    i. land development;
    ii. the construction of industrial, commercial, residential, farm and government buildings; and
    iii. additions and/or alterations to existing land and buildings.
b) All loans secured by real estate, where the proceeds are to be used to acquire and improve undeveloped property, and whose development, construction, addition, and alterations have not been completed.

When the structure (development, construction, additions, and alterations) is completed, the reporting institution should cease the classification of the loan as a mortgage construction loan in sub-report II part IIB.

“New acceptance” is the acceptance amount created by the reporting institution in the reporting month.

“New loan” is the loan amount extended in the reporting month, excluding:

a) any existing loan which has a remaining term that has not elapsed and for which a new loan contract is entered into in the reporting month for aforementioned remaining term;
b) any other existing loan (amount), whether or not its terms are modified, and whether or not the type of which is modified, and for which a new loan contract is entered into in the reporting month; and
c) the amount of the acceptance which is reported in a prior reporting period and is converted into a new loan in the reporting month.

“Resident/non-resident” means the resident or non-resident as defined in The State Ordinance “Deviezenverkeer” (AB 1990, no. GT 6).

“Reporting institutions” comprises all licensed domestic banks, subsidiaries and branches of foreign banks, bank-like institutions and international banks established in Aruba (excluding credit unions).

“Significant influence” is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies.

If an investor holds directly or indirectly (e.g. through subsidiaries) 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can clearly be demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

“Subsidiary” means, an entity including an unincorporated entity that is controlled by another entity (known as the parent).

“Total capital” is the total capital base as set out in SS 1B “*Capital*”, as per the end of the month preceding the reporting date.

“Unallocated gold” is a bookkeeping device by which a credit institution provides notional gold. The gold is a liability to the buyer on the credit institutions’ balance sheet. It is synonymous with gold 'accounts' and its holders are unsecured creditors. It arises from an important legal difference between the terms under which banks look after their customers' valuables. Unallocated gold is formally a deposit, which becomes the bank's property and its liability to you as a depositor. The alternative agreement style - known as allocated - obliges the bank to hold your gold as your outright property, under a custodial or safe-keeping contract.