

GUIDELINES FOR INDIVIDUAL ITEMS

ASSETS

1. Cash

All local and foreign currency in the form of banknotes and coins physically held by the reporting credit institution. Aruban banknotes and coins should be reported in the resident column. Foreign banknotes and coins held by the deposit money bank, including cash in transit in foreign currency should be reported in the non-resident column.

2. Centrale Bank van Aruba

Balances held with the Central Bank on current account and as time deposits. Interbank lending through intermediation of the Centrale Bank van Aruba should not be included under this item. The Central Bank acts only as an intermediary for interbank lending.

3. Due from deposit money banks

All current accounts, demand balances and time deposits with deposit money banks. Purchased travelers checks and other comparable instruments should be included under 3a. Local deposit money banks are those named in Annex 1 to these Guidelines. This item should also include Interbank loans granted. Balances with deposit money banks abroad should include those with head offices and/or parent banks.

4. Investments

a) Treasury bills

The balance should reflect the nominal or face value of any treasury bills held. Locally issued treasury bills have by definition a maturity not exceeding one year. If any foreign treasury bills is held with a maturity exceeding one year, it should be shown under 4c ("Other marketable securities"). The interest or discount accrued but not yet paid should be included under item 14a ("Accounts payable") until the income is realized (upon the maturity of the treasury bills concerned), when it should be reported under item 15e ("Balance of income and expenditure").

b) Government bonds

The nominal value of the government bonds should be shown, distributed according to their respective time to maturity at the reporting date.

c) Marketable securities

Marketable securities are securities which are traded regularly on an official stock exchange, whether bonds and other fixed interest securities or equities. In the latter case, the holding should be shown under this heading (or under 4d "Non-marketable securities") only if it does not exceed 10% of the equity of the company concerned. Monetary instruments (including money market accounts) forming part of the investment portfolio should also be classified under this item.

d) Non-marketable securities

Any securities not included under item 4b ("Government bonds") and 4c. ("Other marketable securities").

e) Bills of exchange, acceptances and promissory notes

Claims represented by documents of title which have been purchased from customers or others, and which are in principle negotiable. These assets should normally be included at their nominal or face value; the difference vis-a-vis the value as at maturity, i.e. the discount that has not yet been received, should be shown under item 14a ("Accounts payable"). If the claims are not negotiable they should be shown under item 5 ("Loans outstanding").

5. Loans Outstanding

Loans outstanding are advances (except those to subsidiaries, which are reported under 8d "Advances to subsidiaries"), overdrafts and other extensions of credit resulting either from direct negotiations between the reporting credit institution and any customer, or from the purchase of a loan originally made by another lender. Loans should be reported gross. Provisions against potential losses on particular loans should be reported under 5e1 ("Allocated"); general provisions against potential losses should be reported under 5e2 ("Unallocated").

Loans made in association with other financial institutions, such as syndicated or consortium loans, should be reported on the same basis as other loans initiated by the reporting credit institution. The bank, however, should report only the amount of its own share of the consortium even if it is the "lead bank" in the arrangement. Undisbursed loan funds (unused parts of credit lines) should not be reported under this item; they should appear under item B1 ("Commitments: Undisbursed loan funds").

a) Commercial Loans

These are overdrafts and loans granted for business and commercial purposes (other than to the government), including loans that are secured by real estate. Under 5a4 ("Mortgages") should be reported loans made for the purchase of buildings or other real estate and/or for the construction of buildings, and secured by the same real estate and/or buildings. Loans to non-residents for such purposes in Aruba are considered to be loans to non-residents.

b) To individuals

These are loans granted to individuals (natural persons, including societies and foundations). Under 5b1 ("Mortgages") should be reported loans for the purchase of buildings or other real estate for residential use and/or for the construction, repair or modernization of buildings thereon, which are secured wholly or partly by the same real estate. Company and personal credit cards should, in principle, be reported separately. However, if this is not possible, the credit cards outstanding balance should be classified as personal loans and reported under item 5b2 ("Other") as resident currency.

c) To government

These are loans granted on current account or otherwise to the government. This item does not include government securities issued to the public and held by the reporting institution, which should be reported under item 4b ("Government bonds").

d) Unearned income

This represents the interest accrued on loans but not received and applies only to those types of loan where the interest is added in advance to the principal.

e) Provision for loan losses

The amount of income set aside from income from time to time and available for deduction against possible falls in the value of any loan. This balance is decreased by the amount of relative loan recoveries in any period. The allocated and unallocated provisions should be shown separately under item 5e1 and 5e2 respectively.

6. Premises and equipment

The book value of the reporting institution's premises, machinery and equipment (including furniture and fixtures) actually owned by the credit institution and occupied (or to be occupied) by it or its branches. Includes leasehold improvements, the cost of remodeling existing premises, parking lots owned, and real estate acquired for future expansion.

7. Other real estate owned

The book value of any real estate which has been acquired as collateral for any loan and which has subsequently become the institution's property as a result of foreclosure on such loan. Any real estate held by the reporting institution for other purposes than for its own operations should also be reported under this item.

8. Other investments

The bank's investments in subsidiaries which are not banks or banklike institutions should be shown under 8c (“Other companies”); and its holdings of 10% to 50% in other companies should be shown under 8a (“Banks”), 8b (“Banklike institutions”), or 8c (“other companies”) as appropriate. Advances to subsidiaries are shown under 8d.

9. Accounts receivable and prepayments

Under this heading should be reported the amount of commissions, dividends, rent and other interest or income earned or accrued, but not yet received (other than income accrued in respect of items 4a (“Treasury bills”), 4e (“Bills of exchange, acceptances and promissory notes”) and 5d (“Unearned income”). Also to be included are other amounts receivable from the sale of assets, amounts due from shareholders on subscription of shares to be issued in the reporting bank, and cash outlays for goods and services which will be reimbursed, or the benefits of which will be realized, in the future.

LIABILITIES

10. Demand deposits

Deposits which are withdrawable on demand by the respective customers. These may be in the form of checking accounts, certified checks, letters of credit issued for cash, and similar accounts or instruments. Time deposits which have matured and have not been renewed should also be included. Demand deposits of nonfinancial public enterprises (see annex 2 of these Guidelines) should be reported under the private sector, item 10a.

11. Time deposits

Time deposits should be allocated according to their original maturity. These deposits may take the form of accounts in respect of which there is in force a written contract with the depositor that (possibly except under penalty) neither the whole nor any part of such deposit may be withdrawn before the date of maturity. Time deposits of non financial public enterprises (see annex 2 of these guidelines) should be reported under the private sector, item 11a.

Time deposits may take the form of certificates of deposit, whether negotiable or non-negotiable.

12. Savings deposits

These are deposits without specific maturity and meeting the following requirements:

- (1) they may only be placed in the name and for the account of natural persons (not partnerships), societies and foundations;
- (2) only limited withdrawals from savings account may be made through the use of checks (otherwise withdrawals must be made in cash or by transfer to the holder's current account).

Savings deposits may be evidenced by a passbook, written agreement, or receipt which may take the form of a savings certificate. Withdrawals in excess of a specified amount may be subject to a period of notice. Savings accounts should not be used for direct payments. In the case that these accounts are used for payments, they should be reported as current (demand) deposits in the monthly statement and not as savings accounts.

Other deposits should be classified under items 10 or 11.

13. Borrowings

These are amounts borrowed by the credit institution in its own name whether secured or unsecured or represented by its own debt instruments.

b) Due from deposit money banks

Overdrawn "due from" bank accounts should be included. The borrowing bank should report the interbank lending under this item.

c) Bonds, etc.

Liabilities in respect of the bank's own promissory notes or bonds, but excluding its own certificates of deposit.

14. Other liabilities

a) Accounts payable

Obligations due and payable which have originated in the usual course of business, such as interest on own bonds, unpaid cheques, foreign exchange tax charged to customers.

b) Taxes payable

Amount accrued and set aside to meet taxes payable to the government.

c) Other

Includes provisions other than those against loan losses.

15. Shareholders' equity:

All items pertaining to this item should be reported under the resident column.

a) Paid-in capital

The amounts paid in by shareholders to acquire shares and represented by preferred stock, with cumulative or non-cumulative dividends, or by common stock.

b) Statutory and general reserves

Statutory reserves are created either in accordance with the bank's statutes or by shareholders' decision. Both reserves are created out of net profits after tax.

c) Retained earnings

The total amount of accumulated undistributed net profits from prior periods.

The amounts reported under item 15a, b and c are considered Tier 1 Capital elements.

d) Revaluation reserves

Any difference between book value and the amount resulting from revaluation must be reflected in this item. Adjustments to the carrying value of the assets should, therefore, result in an increase or decrease of this reserve.

e) Balance of income and expenditure

The balance of net income/expenditure in respect of the current financial year as at the reporting date.

The amounts reported under item 15d) and 15e) are considered as Tier 2 Capital elements.

16. Subordinated debt

Liabilities subordinated to the claims of other creditors on the assets of the bank. Since such liabilities mature at a stipulated future date and are issued for a fixed amount, they are regarded as providing virtually as much protection to depositors as does the bank's capital. However, it is important to note that they do not constitute owners' equity. Any subordinated debt agreement should be co-signed by the Central Bank of Aruba. Subordinated debt is a Tier 2 element.

OFF-BALANCE SHEET ITEMS

These consist of a bank's commitments, contingent liabilities and other items that, because the asset or liability in question is not certain, are not treated as a part of its balance sheet. For supervisory

purposes a framework which distinguishes four different categories of off-balance sheet activity is given:

A. Guarantees and similar contingent liabilities

1. Letters of credit

The amount outstanding and unused of issued or confirmed commercial letters of credit. If such a letter is sold for cash, the bank has already received funds from its customer. In this case the letter of credit is not to be reported as an outstanding letter of credit but as a demand deposit.

2. Guarantees issued

The amount of outstanding and unused commitments in respect of which the reporting bank has undertaken to fulfill the obligations of a third party should the latter fail to do so.

3. Other

Although they may not be applicable in Aruba at present, some other off balance-sheet items of this category could be reported here, such as transactions with recourse, asset sale and repurchase agreements, warranties, indemnities and performance bonds.

B. Commitments

1. Undisbursed loan funds

The unused portions of credit lines that obligate the reporting bank to extend credit in the form of a loan or overdraft up to a certain amount ('limit'), or of participations in loans for which the bank has charged a commitment fee or otherwise has a legally binding commitment. In the case of commitments for syndicated loans or participated loans, only the bank's proportionate share of the commitment should be reported.

2. Other

Possible other exposures such as standby facilities, and partly paid shares and securities, etc.

C. Uncalled capital

Any part of the reporting bank's capital that has been authorized but has not yet been paid in.

D. Other

Any other possible exposure of the reporting bank that is not included in the balance sheet. This item may include:

- foreign exchange, interest rate and stock related transactions (swaps, forward transactions, futures, options)

- advisory, management and underwriting functions (agency functions, securities underwriting, barter trade, safe keeping of securities).