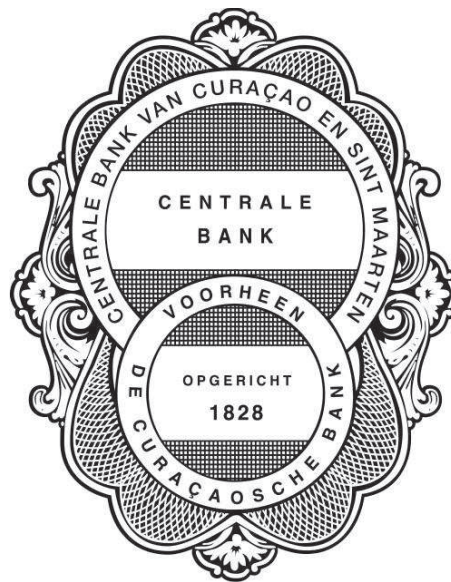


Chart of Accounts Manual

MAIN DOCUMENT

(May 2016)



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ACRONYMS

ADB	Asian Development Bank
AfDB	African Development Bank
AML	Anti-Money Laundering
ASA	Alternative Standardized Approach
ATM	Automated Teller Machine
Basel II	The International Convergence of Capital Measurement and Capital Standards
BES	Bonaire, St. Eustatius, and Saba
BIA	Basic Indicator Approach
BIS	Bank for International Settlements
CAR	Capital Adequacy Ratio
CBs	Central banks
CBA	Centrale Bank van Aruba
CBCS (the Bank)	The Centrale Bank van Curaçao en Sint Maarten
CCF	Credit Conversion Factor
CDB	Caribbean Development Bank
CEA	Credit Equivalent Amount
CEDB	Council of Europe Development Bank
CoA	Chart of Accounts
CoA MD	Chart of Accounts Manual (Main Document)
CoA AD	Chart of Accounts Manual (Attachments Document)
CoA R&ED	Chart of Accounts Manual (CoA Reports and Examples document)
CRM	Credit Risk Mitigation
CFT	Combating the Financing of Terrorism
DBRS	Dominion Bond Rating Services
DCs	Depository Corporations
DTA	Deferred Tax Assets
DTL	Deferred Tax Liabilities
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECA	Export Credit Agency
ECB	European Central Bank
ECAI	External Credit Assessment Institution
EIB	European Investment Bank
EIF	European Investment Fund

FRAs	Forward Rate Agreements
Fitch	Fitch Rating Services
GGs	General Guidelines of the CoA
GOVs	Governments
HHs	Households
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDB	Islamic Development Bank
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
LTV	Loan-to-Value
MDBs	Multilateral Development Banks
MFSCG	Monetary and Financial Statistics Compilation Guide
Moody's	Moody's Investor Services
NIF	Note Issuance Facilities
NIB	Nordic Investment Bank
NPIs	Nonprofit Institutions
NPISHs	Nonprofit Institutions Serving Households
ODCs	Other Depository Corporations
OECD	Organization for Economic Co-operation and Development
OFCs	Other Financial Corporations
ONCs	Other Nonfinancial Corporations
OTC	Over-The-Counter
OTH	Other
PNCs	Public Nonfinancial Corporations
PSE	Public Sector Entity
Repos	Repurchase agreements
RUF	Revolving Underwriting Facility
RWA	Risk-Weighted Assets
SA	Standardized Approach
SME	Small- and Medium-Sized Enterprise
SR	Supervisory Regulation
SSs	Supporting Schedules
S&P	Standards & Poor's Corporation
UCITS	Undertakings for Collective Investments in Transferable Securities

1. INTRODUCTION

The Chart of Accounts (CoA) is prepared pursuant to articles 14 and 21 of the National Ordinance on the Supervision of Banking and Credit Institutions of 1994 (N.G. 1994, no. 4) for reporting institutions¹.

The CoA consists of the Balance Sheet, the Profit and Loss Statement, 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.

The Centrale Bank van Curaçao en Sint Maarten (CBCS), in cooperation with the Centrale Bank van Aruba (CBA), has prepared the CoA Manual (CoA Manual). This manual replaces the “Chart of Accounts Manual for Financial Institutions” and the “Chart of Accounts Manual for International Credit Institutions”. The CoA is based on the basic concepts and principles of, inter alia, the Monetary and Financial Statistics Compilation Guide (MFSG), issued in 2008 by the International Monetary Fund (IMF), 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 concerns measures designed to promote enhanced market discipline. With regard to Basel II, the CoA Manual focuses only 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 and to harmonize as much as possible the reporting framework implemented by the CBCS and the CBA.

The purpose of the CoA Manual is to offer conceptual guidelines for preparing the CoA reports

¹ Reporting institutions are defined in chapter 8 Definitions.

to the reporting institutions. The CoA reports serve both prudential and monetary purposes.

The CoA Manual comprises three documents: this CoA Manual (Main Document) (CoA MD), the CoA Manual (Attachments Document) (CoA AD), and the CoA Manual (CoA Reports and Examples Document) (CoA R&ED).

The CoA MD contains the general guidelines and the main descriptions of and instructions to complete the CoA reports. The CoA AD contains attachments which should be observed when completing the CoA reports. The CoA R&ED contains the CoA reports, reference tables containing the IFRS used in the CoA, and worked examples.

Reporting institutions should adapt their information system to include data that coincide with the economic sectorization and financial asset and liability classifications prescribed in this manual.

2. GENERAL GUIDELINES

2.1 Legal basis

1. In completing the CoA reports, reporting institutions should consider all relevant provisions issued with respect to articles 14 and 21 of the National Ordinance on the Supervision of Banking and Credit Institutions of 1994 (N.G. 1994, no. 4).

2.2 Scope and objective

1. The CoA Manual applies to reporting institutions.
2. The scope of application must include any holding company established in Curaçao and Sint Maarten and in Bonaire, St. Eustatius, and Saba (BES) that is the parent entity of a reporting institution or a banking group in Curaçao and Sint Maarten and BES. A banking group is a group that engages predominantly in banking activities.
3. The CoA Manual is used primarily for monetary and prudential supervision.
4. This document, the Chart of Accounts Manual (Main Document) (CoA MD), contains the main descriptions of and instructions for completing the CoA reports. The attachments in the Chart of Accounts Manual (Attachments Document) (CoA AD) should be observed when completing the CoA reports.

2.3 CoA reports and “level of reporting”

1. Pursuant to article 14 of the National Ordinance on the Supervision of Banking and Credit Institutions of 1994 (N.G. 1994, no. 4), each reporting institution periodically must submit to the Bank relevant completed CoA reports (a Balance Sheet, Profit and Loss Statement, Contingent Liabilities, and relevant sub-reports and supporting schedules) in accordance with the reporting requirements and instructions set out in the CoA Manual.
2. One or more of the six level(s) of reporting will be applicable to each reporting institution.
3. Upon log-in, the reporting institution’s name and all levels the institution must complete are generated automatically in the headings of the CoA reports.
4. The level of reporting indicates the specific scope and CoA reports that each particular institution should report, including the reporting frequency of each CoA report.
5. The eight levels of reporting comprise the following specific scopes:
 - a) Level 1 Total country operations (Curaçao or Sint Maarten);
 - b) Level 2 Single operations;
 - c) Level 3 Monetary union (Curaçao and Sint Maarten);
 - d) Level 4 Consolidated operations;
 - e) Level 5 Foreign operations;
 - f) Level 6 International credit institutions;

- g) Level 7 Specialized institutions; and
 - h) Level 8 Branches of foreign banks.
6. The scope and the CoA reports and reporting frequency that relate to each level of reporting and the list of reporting institutions classified under each level of reporting, are further set out in Table 2.1 “Levels of reporting and list of reporting institutions” at the end of this chapter.
 7. The CoA reports apply until further notice by the Bank.
 8. The Bank may require additional reports or a different set of CoA reports or may no longer require some or all CoA reports depending on the reporting institution’s nature, the complexity of its activities, and the size of its operations.

2.4 **Submission of CoA reports**

1. All CoA reports are due within 28 calendar days of the reporting date.
2. All CoA reports must be submitted to the Bank in electronic form through the reporting institution’s Report Delivery System (RDS).
3. All applicable CoA reports should be completed. If the reporting institution has nothing 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 institution’s reporting will be considered incomplete.
4. A hard copy of the Table of Contents sheet should be submitted together with the submitted CoA reports. The sheet must be signed by two members of the reporting institution’s management, by which signatures they assume responsibility for the completeness and accuracy of the reporting. The copy must be submitted, faxed, or e-mailed to:

The Centrale Bank van Curaçao en Sint Maarten
Statistical Information and Reporting Department
The Manager
Simon Bolivar Plein 1
Curaçao

Please indicate "**CONFIDENTIAL**" on the envelope.

2.5 **Reporting basis**

1. For CoA reporting purposes, the fiscal year begins on January 1 and ends on December 31. The income statement is cumulative from January 1 through the reporting date.
2. The CoA framework will apply as explained in the above paragraphs 2.2 and 2.3, including on a solo and/or consolidated basis on all supervised institutions.

3. Banking and other relevant financial activities, excluding insurance subsidiaries, conducted within a group that includes a supervised institution will be captured through consolidation. This is explained further in paragraph 2.7.2 “Accounting Treatment” of these general guidelines.

2.6 Applicable standards

1. Reporting institutions must comply with applicable laws and regulations mentioned in this CoA Manual, and with due regard for the International Monetary Fund (IMF) principles, International Financial Reporting Standards (IFRS), and “International Convergence of Capital Measurement and Capital Standards” (Basel II). However, the CoA is fundamentally a data collection, monitoring, and supervisory tool, and therefore deviates to some extent from IMF principles and IFRS.

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 before applying impairments and compensation). Attachment I-2 contains the rules governing compensation.
2. The CoA identifies the following main sectors to which reporting institutions are exposed through their business (sector abbreviations to be used throughout the manual are attached):
 - 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 Monetary and Financial Statistics Compilation Guide (MFSCG) issued in 2008. The institutional units that make up each sector are listed and described 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.

Central banks

4. According to the MFSCG, the central bank is a subsector of the financial corporations that exercises control over key aspects of the financial system. It carries out such activities as

issuing currency, regulating the money supply and credit, managing international reserves, and providing credit to other depository corporations.

5. 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 that issue national currency that is fully backed by foreign exchange reserves; and
 - a) government-affiliated agencies that are separate institutional units and perform primarily central bank activities.

Governments

6. 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.
7. The government sector consists of:
 - a) departments;
 - b) branches;
 - c) agencies;
 - d) foundations;
 - e) institutes;
 - f) nonmarket nonprofit institutions (NPIs) controlled and financed mainly by government; and
 - g) other publicly controlled organizations engaging in nonmarket activities.
8. Government control over a nonmarket NPI is determined by its ability to influence the general policies and programs of the NPI, appoint its directors and/or managers, and 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.
9. Government units are involved in the production of goods and services that maybe provided free of charge or sold at prices not economically significant.
10. 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 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.

Specific note:

For the CoA reporting the government of Curaçao and the government of Sint Maarten are considered “government”.

Other depository corporations

11. According to the MFSCG, other depository corporations is a subsector of the financial corporations sector. The other depository corporations subsector consists of all financial corporations and quasi corporations that are engaged mainly in financial intermediation and that issue liabilities included in the national definition of broad money. For CoA purposes, they include the following institutional units (except central banks):

- a) commercial banks;
- b) merchant banks;
- c) savings banks and mortgage banks, and
- d) rural and agricultural banks.

The above list is neither exhaustive nor prescriptive; other names are given to some institutions that issue broad money liabilities.

Other financial corporations

12. For CoA purposes the other financial corporations subsector consists of all financial corporations other than depository corporations. It includes, among other things, the following institutional units:

- a) insurance corporations;
- b) pension funds;
- c) other financial intermediaries;
- d) savings and loan associations;
- e) credit unions and credit cooperatives; and
- f) financial auxiliaries.

Insurance corporations and pension funds

13. 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 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

14. 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 listed below.
 - 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 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 other depository corporations.

- d) Securities underwriters and dealers include individuals or firms that specialize in security market transactions by (1) assisting firms in issuing new securities through the underwriting and market placement of new security issues and (2) 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 as 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 of these companies 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. As long as a full set of accounts is available for the company, it is deemed 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 the portfolio and thus it is not deemed 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 that holds assets passively. Issuance of depository receipts or trust receipts serving only as claims on instruments held in trust does not constitute 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. 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 engage predominantly in lending rather than retailing.

- g) Other institutions and persons with a dispensation, pursuant to article 45, paragraph 2 of the National Ordinance on the Supervision of Banking and Credit Institutions 1994 (N.G. 1994, no. 4.), also are considered other financial intermediaries. In addition, some of the specialized credit institutions set out in subdivision 1.5 of the Bank's Register of Credit Institutions also are considered other financial intermediaries.

Savings and loan associations

15. The savings and loan associations subsector includes financial institutions that specialize in savings deposits and mortgage loans. This subsector offers mortgage services to individuals from the savings and deposits received from private investors. Depositors and borrowers are members with voting rights and they have the ability to direct the financial and managerial goals of the organization. Characteristics of savings and loan associations include:
- a) privately or locally managed financial institutions;
 - b) use individuals' deposits to make long-term amortized loans to home buyers;
 - c) disperse loans for home repairs, construction, and refinancing.

For CoA purposes, exposures to the savings and credit funds (Spaar en kredietfondsen) set out in subdivision 1.7 of the Bank's register of credit institutions are considered exposures to the savings and loan associations subsector and should be reported in the CoA under the main sector other financial corporations.

Credit unions

16. The credit union subsector includes 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 of account size in the credit union, each member may run for the volunteer board of directors and cast a vote in elections.

Financial auxiliaries

17. 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 listed below.
- 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 do 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 should include only 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 insure 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 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.In borderline cases, these units should be classified as insurance corporations.
- 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

18. Public nonfinancial corporations 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 policy to appoint the 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 a public nonfinancial corporation.

Other nonfinancial corporations

19. The other nonfinancial corporations consist of corporations and quasi-corporations 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 “Other nonfinancial corporations” in the CoA. The private pension funds are not subject to the Bank’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

20. 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 households.
21. 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. Individuals who work in other countries are considered part of their home country households unless and until they establish centers of economic interest in foreign economies. 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 household sector.

Other

22. Other comprises the NPIs and other institutional units that do not qualify for classification under the previous 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. Nonmarket NPIs that are not financed and are not controlled government units are called NPIs serving households (NPISH). NPISHs are mainly financed from contributions subscriptions from members, or earnings on their holdings of financial and nonfinancial assets.
23. NPISH consists 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. If an estate has been left to natural persons, it should be classified as a "household". 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/nonresident

1. An institutional unit is classified as a resident or nonresident unit in accordance with the definition of resident or nonresident in article 1, paragraphs 1 and 2d of the "Regeling deviezenverkeer Curaçao en Sint Maarten" (2010).

Specific note:

1. Both local and international credit (banking) institutions may have an account relationship with a nonresident. However, a nonresident client of a local bank may have NAf. accounts in an aggregate amount of up to NAf.200,000 but may not have a NAf. account with an international bank.
2. International credit institutions' business comprises primarily business with nonresident. The "Regeling deviezenverkeer Curaçao en Sint Maarten" (2010) article 2.6, does allow payments to residents. These accounts have to be reported in the resident column. The classification of the abovementioned business is further explained in paragraph 3.1.4 of

the CBCS CoA codes. The use and significance of the third digit in chapter 3 “Structure of the Chart of Accounts”.

2.6.3 Application of IFRS, common practice and deviations

1. Relevant CoA items are based on IFRS, which are indicated in the description of the corresponding accounts and items. Tables 4.1 and 4.2 Reporting Standards, in chapter 4 and in the CoA Manual (CoA Reports and Examples Document) (CoA R&ED), contain a detailed overview of the applied IFRS for the relevant accounts and items of the CoA. In the application of the CoA, reporting institutions must comply with IFRS. However, while the intention of the Bank is to follow IFRS principles, the CoA is fundamentally a supervision tool and does deviate from accounting principles in some respects. Furthermore, common practice is applied in the absence of IFRS standards and/or for prudential reasons.
2. The deviations of the CoA from the IFRS are 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 are reported together in one account, namely, account 14 “Loans”;
 - b) IFRS’ impairment rules are not applicable to account 14. Instead, the Bank applies Supervisory Regulation IV “Regulation concerning General and Specific Provisions for Loan Losses of Credit Institutions” to account 14 for the provisions that must be set up for identified loan losses;
 - c) the Bank has decided to maintain a separate account under investments for the time deposits placed, namely, item 1306 “Time deposits”. Contrary to IFRS, all time deposits regardless of their remaining maturity are reported under this account;
 - d) the Bank has decided to maintain a separate account under liabilities for the deposits, namely, item 21 “Deposits”. Contrary to IFRS, all demand, savings, and time deposits, regardless to which portfolio they belong, are reported under this account; and
 - e) the amounts reported on the CoA are on a gross basis.
3. If the Bank finds it relevant to incorporate an amendment of an IFRS in the CoA, the Bank will announce this by means of a letter to all reporting institutions and their representative organizations. The date when the change becomes effective will be announced, and the required amendments to the CoA Manual will be provided in advance. All reporting institutions should inform and provide their external auditors with the above information.

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 set out in the Basel II document².

2. Reporting institutions may use other Basel II approaches within their institution/group, but they should submit their CoA reports according to the Basel II standardized approach.

2.7 Accounting treatment of affiliates

1. Affiliates and other terms used (Control, Subsidiary, A parent, A group, Significant influence, and Consolidated financial statements) with respect to affiliates are defined in the annex definitions.
2. The accounting treatment of affiliates depends on whether the reporting institution controls an affiliate and the type of business of the affiliate.

Consolidation

3. Consolidation shall include all of the reporting institution’s subsidiaries whose business comprises 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; in addition, funds, trust, and investment entities and security entities where subject to broadly similar regulation or where securities activities are deemed banking activities; and
 - b) those not primarily engaged in providing banking services, and whose business is primarily to
 - i. 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
 - ii. provide services to the reporting institution that it would ordinarily perform itself in the general course of its business, e.g., an entity that provides data processing services, appraisal services for the reporting institution, or conducts a safe deposit business.

Specific note:

1. The type of business activities mentioned above in 3.b i and 3.b ii, 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 but should be

² The Basel II document concerns the “Revised Framework - Comprehensive Version” issued June 2006.

reported under the “other financial corporations” sector as described in general guideline 2.6.1.

2. A bank holding company established in Curaçao or Sint Maarten whose subsidiaries are not established in Curaçao or Sint Maarten does not fall under the Bank’s supervision and will not be subject to consolidation. However if one or more subsidiaries are established in Curaçao or Sint Maarten, the holding company will be subject to the Bank’s supervision.
3. The financial statements of a parent reporting institution and its subsidiaries, which are used for preparing the parent reporting institution’s consolidated financial statements, shall be of the same date. If the date of the subsidiaries’ financial statements differs from those of the parent reporting institution, the subsidiary shall than prepare for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent reporting institution, unless that is impractical. The Bank should be informed in advance in writing on the impracticality and the reasons.
4. Consolidated financial statements shall be prepared using uniform accounting policies.

Non-consolidation

4. All affiliates with the exception of those that should be consolidated, as set forth in the above paragraphs, should be reported as unconsolidated affiliates in SS12. 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, other advances, and liabilities to the unconsolidated affiliates should be reported in the appropriate sectors throughout classes 1 through 8 of the CoA.
5. 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 paragraphs 2.1.3 and 2.2.3 of the reporting instructions of supporting schedule (SS) 1B “*Capital*”, also should be reported in SS 12A.
6. If the reporting institution is a branch or subsidiary of a financial institution headquartered in a foreign country, the reporting institution should treat any affiliate or any other branch or office, including the head office of the parent institution, as an unconsolidated affiliate.

2.8 Ordinary investments

1. 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, are not considered unconsolidated affiliates and should not be treated as such. They should be treated as ordinary investments.

2.9 Regulatory reserves (General provisions)

1. These are general provisions created against the possibility of losses not yet identified (in investments, loans, and other assets). The general provisions must be reported on the liability side of the balance sheet under item 3103 200 “Regulatory Reserves”. For example, a general provision for loan should be reported in item 3103 220 “Regulatory Reserves for Loans”.
2. The (general) provision for loans should be in accordance with Supervisory Regulation IV “*Regulation concerning General and Specific Provisions for Loan Losses of Credit Institutions*” (SR IV). If this is not the case, then the general provision should be adjusted through a transfer to/from the retained earnings.

- 1. Specific provisions/impairment and accounting treatment** Specific provisions/impairment are provisions that have been set up for identified losses on specific assets (investments, loans, or other assets) or provisions that have been created with respect to an identified deterioration in the value of any asset or group of subsets of assets. The specific provisions/impairment must be reported on the asset side of the balance sheet in items 1309, 1409, 1609, 1709, and 1909. For example, a time loan due from a private enterprise should be reported in item 1402 070. Should conditions indicate that all or part of this loan will probably not be collected the reporting institution should set up a specific provision. This specific provision must be reported under item 1409 “Specific Provisions on Loans”.
2. For reporting purposes, additions to the specific provisions on loans and recoveries from loan losses, and impairment of specific investments or other assets, must be booked directly in the income statement via the expense account 66 “Provisions for/(recoveries from) loan losses” or account 67 “Impairment” of the investments and other assets.
3. If future events indicate a change in the quality of the investments, loan, or other asset, and all or part of the specific provision or impairment is no longer needed, that amount may be transferred back into the income statement.

2.10 Preliminary and final audited CoA

1. Each reporting institution should file a preliminary CoA report as of December 31 within the regular reporting periods.
2. The final CoA report, as of December 31 of each year, must be audited by an independent external accountant according to the “International Standards on Assurance Engagements” (ISAEs 3000-3699) and filed electronically with the Bank by each reporting institution as specified below. The filing date of the audited CoA report is:
 - a) April 30 of the following year for local general banks subsidiaries and branches of foreign banks, specialized credit institutions and savings banks; and
 - b) June 30 of the following year for the international banks.

The audited CoA report together with the auditor's opinion must be submitted in hard copy on abovementioned filing dates. The report should be accompanied by the auditors' report indicating whether the audited CoA at year-end has been prepared in accordance with the guidelines of the Bank. The auditors' opinion also should reflect whether the report presents a fair view of the reporting institution's financial condition and the result of operations for the year then ended. The audited CoA report does not replace the Audited Financial Statements, which must also be submitted to the Bank no later than April 30 and June 30 of each year.

2.11 Bearer deposits not allowed

1. Pursuant to the Bank's provisions and guidelines regarding Anti-Money Laundering (AML) and Combating the Financing of Terrorism CFT, reporting institutions are prohibited from holding anonymous accounts. Therefore, institutions may not issue nor hold bearer deposits.

2.12 Working papers

1. Each reporting institution should be able to readily support the statistics filed. The primary source of information for the 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 CoA item. The necessary documentation would generally be a detailed listing of the items so that the examiners from the Bank can verify the correctness of each item. The income statement and the supporting schedules should be similarly documented. The institution should also have source documents to support valuation of its assets, e.g. market prices calculations.

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 accounts balance on the previous reporting date, and if the change exceeds 1% of the reporting institution's total assets at the end of the previous reporting date, then the reporting institution should submit to the Bank a written explanation to the Bank on the reporting date.
2. Amounts due to or due from the Bank should be reported in the resident columns on the relevant lines "(Due from) Central Banks". Amounts due to or due from foreign central banks should be reported in the nonresident columns on the same relevant lines.

Specific note:

1. An account of a resident of Curaçao or Sint Maarten, with, for example, a foreign subsidiary

(such as on BES) of a CBCS supervised institution, will be classified in the prudential report (balance sheet) of the subsidiary as a nonresident. However, in the reported consolidated balance sheet of the CBCS supervised institution (the parent institution), the account should be classified as a resident account.

2. All amounts must be reported in Netherlands Antillean guilders (NAf.). Foreign currency balances should be translated to their NAf. equivalent. Currencies officially quoted by the Bank should be translated using the average of the buying and selling rate for checks quoted by the Bank on the reporting date. Currencies not quoted by the Bank should be translated using NAf.1.79 per US\$1.00 as a cross-rate.
3. If the contract with the reporting institution's customer places the foreign exchange risk with the customer, then the asset or liability does not have to be revalued. However, the reporting institution must clearly establish that the customer has not only assumed and acknowledged this risk, but also that the customer has the financial ability to bear this risk.
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 should be reflected showing the amount in parentheses.
6. Report the valid amount/number in the corresponding fields of the CoA reports. If no amount is reported, it is understood that the answer is zero or none.
7. New accounts may not be added to this CoA without the prior written approval of the Bank.
8. Any questions concerning prudential issues of the CoA should be directed to the Head of the Banking General Supervision Department.
9. Any questions concerning monetary issues of the CoA should be directed to the Head of the Monetary and Financial Statistics Department.

2.14 Table 2.1: Level of reporting and list of reporting institutions

The scope and required CoA reports and the reporting frequency for each level of reporting and the list of reporting institutions classified under each level of reporting are as follows.

Level of reporting:

CoA Report	SS	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8
Main reports									
BAL		M	M	M	M	M	M	Q	M
P&L		M	M	M	M	M	M	Q	M
CLB		M	M	M	M	M	M	Q	M
SUB I		M	M	M				Q	M
SUBIIA -C		M	M	M	M			Q	M
SUB II D		M	M	M	M		M	Q	M
Prudential Schedules Capital									
CAR	1A	M	M		M		M	Q	M
CAP	1B	M	M		M		M	Q	M
RWA	1C	M	M		M		M	Q	M
SCCL	1D	M	M		M		M	Q	M
DER	1E	M	M		M		M	Q	M
OR-BIA	1F-1	M	M		M		M	Q	M
OR-SA	1F-2	M	M		M		M	Q	M
OR-ASA	1F-3	M	M		M		M	Q	M
MRS-sum	1G	M	M		M		M	Q	M
MRIS	1H-1	M	M		M		M	Q	M
MRIG	1H-2	M	M		M		M	Q	M

Level of reporting (continued):

CoA Report	SS	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8
Prudential Schedules Capital (continued)									
MRI-sum	1H-3	M	M		M		M	Q	M
MRER	1I-1	M	M		M		M	Q	M
MRER-sum	1I-2	M	M		M		M	Q	M
MRFX	1J	M	M		M		M	Q	M
MRCR	1K	M	M		M		M	Q	M
MROR	1L	M	M		M		M	Q	M
LEXP-A	11A	M	M		M		M	Q	
LGEXP-B	11B								Q
DFUA-A	12A	M	M		M		M	Q	
DFUA-B	12B								Q
ADV-A	13A	M	M		M		M	Q	M
ADV-B	13B								Q
Prudential Schedules Liquidity									
LIQ	20	M	M		M		M	Q	M
GTN	21	M	M		M		M	Q	M
MAT	22	M	M		M		M	Q	M
DEP	23	M	M		M		M	Q	M
SD	24	M	M		M		M	Q	M
Prudential Schedules Others									
CAO-O	30A	M	M	M	M	M	M	Q	M
DNPL	30B	M	M	M	M	M	M	Q	M
PLA	31		Q		Q		Q	Q	Q
IRR	32	M	M		M		M	Q	M

Level of reporting (continued):

CoA Report	SS	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8
	Monetary schedules								
RES	40		M	M					M
SHORT -NFA	41		M	M					M
NFA	42		W	W					W
DOM	43A	Q	Q	Q				Q	Q
NDOM	43B	Q	Q	Q				Q	Q
CCCL	44	Q	Q	Q				Q	Q
NDLTY	45	Q	Q	Q					Q
TDS	46	M	M	M				Q	M

Levels of reporting:

Level 1 Total country operations (Curaçao or Sint Maarten);

Level 2 Single operations;

Level 3 Monetary union (Curaçao and Sint Marten);

Level 4 Consolidated operations;

Level 5 Foreign operations;

Level 6 International credit institutions;

Level 7 Specialized credit institutions; and

Level 8 Branches of foreign banks.

Reporting frequency:

W (weekly)

M (monthly)

Q (quarterly).

List of the reporting institutions classified under each level of reporting:

Reporting institution:	BDC	GIRO	MCB ORCO RBC	ISL- FIN	BECM BNS FCAR FIRST	PSB SFT CHB	KORP OBNA	INT. INST
Level of reporting:								
Level 1	X	X	X	X				
Level 2						X		
Level 3	X		X	X				
Level 4	X	X	X	X				
Level 5	X	X	X	X				
Level 6		X	X					X
Level 7							X	
Level 8					X			

3. STRUCTURE OF THE CHART OF ACCOUNTS

3.1 CBCS 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	Noncontrolling interest, Taxes, and Net Income
Class 8	Contingent Liabilities

3. The CBCS CoA codes (codification) 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 six to seven digits

Examples:

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 on, for practical reasons, the CoA codes “Category” and “Sub-item” mentioned above will only be named/referred to as “Item”. Thus, only the CoA code denominations “Class”, “Account”, and “Item” will be used beginning in chapter 4.

4. The use and significance of the third digit:

The third digit can only be zero (0), one (1), two (2), three (3), or four (4). It identifies whether the account denotes a total amount or whether the account is in the local or foreign currency and relates to a resident or nonresident, as follows:

zero	(0):	Total amount
one	(1):	Resident; Local currency
two	(2):	Resident; Foreign currency
three	(3):	Non-resident; Local currency
four	(4):	Non-resident; Foreign currency

Examples:

The CoA code 1412 070 represents a term loan in local currency to a resident household (HH).

The CoA code 1422 070 represents a term loan in foreign currency to a resident HH.

The CoA code 1442 070 represents a term loan in foreign currency to a nonresident HH.

The CoA code 1402 070 represents the total amount of all time loans to HHs (this is the time loans in local and foreign currencies to resident and nonresident HHs).

The third digit to use in the classification of an International credit institution’s business is in general digit four (4), except for the following:

- Exposures to its own local staff (digits one [1] and or [2])
- Accounts with local credit institutions not being international credit institutions (digits one [1] and or two [2])

3.2 Reporting institution’s GL accounts

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

Reporting institutions whose GL account match with the CBCS CoA codes also should report their GL account number.

4. BALANCE SHEET, PROFIT AND LOSS ACCOUNT, AND CONTINGENT LIABILITIES

Chapter 4 contains the description of and instructions for completing each of the components of the CoA.

Subsequent to the following sections 4.1 and 4.2 “Introduction” and “Level of reporting”, respectively, the accounts and items of each component of the CoA are set out in sections 4.3 through section 4.5. Reference tables indicating the applicable IFS of the various accounts and items are set out in section 4.6 “Tables 4.1 and 4.2 Reporting standards”.

4.1 INTRODUCTION

1. In view of the Bank's responsibility for monetary and prudential supervision, reporting institutions periodically should submit to the Bank the balance sheet, profit and loss account, and contingent liabilities (CoA reports).
2. For practical reasons, and from this chapter forward, the CoA codes "Category" and "Sub-item" also will be referred to as "Item". Thus, only the CoA code names "Class", "Account", and "Item" will be used.
3. The applicable reporting standards (IFRS) for various accounts and items are set out in tables 4.1 "Reporting standards for Balance Sheet Statements", and 4.2 "Reporting standards for Profit and Loss Account and Contingent Liabilities" at the end of this chapter.
4. Unless stated otherwise, the reporting institution should report each amount in the CoA reports under the class, account, or item of the sector to which it pertains.

Example:

Savings deposits of households should be reported under the liability item Savings deposits of the sector Households (item 2102 700 "Households").

4.2 LEVEL OF REPORTING

1. Each reporting institution should duly complete the CoA reports in accordance with the level(s) of reporting applicable to the institution.
2. Upon log-in by the reporting institution, the relevant number (1-8) which indicates the level of reporting and the name of the institution are generated automatically in the heading of each relevant CoA report.
3. If there is nothing to report on a CoA report, the reporting institution should still submit it in accordance with the submission procedure of the CoA reports set out in General Guideline 2.4.

4.3 BALANCE SHEET

4.3.1 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 cash on hand;
- b) 1102 due from CBs;
- c) 1103 due from ODCs;
- d) 1104 cash items in the process of collection; and
- e) 1109 other cash items.

Exclude:

- a) gold held in custody for other persons.

1101 CASH ON HAND

Include:

- a) all legal tender, including bank notes and coins denominated in foreign currencies, and
- b) cash in transit between any units of the institution.

Other instructions:

1. Units of the institution also include any branches or offices of the institution's subsidiaries.
2. Gold and silver coins held and gold bullion held on an unallocated basis by another party should be reported in item 1907 "All Other Assets".

1102 DUE FROM CENTRAL BANKS

Include:

- a) balances held in the current account at the Bank and foreign central banks; and
- b) balances held at national giro services of the country in which the reporting institution is established.

Other instructions:

1. 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

Include:

- a) only 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".

Exclude:

- a) balances with closed or liquidated banks. Such balances should be charged off and/or the amount considered collectible should be reported in item 1906 "All Other Assets".

Other instructions:

1. 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

Include:

- 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 in the reporting institution or in any of its branches or offices, and have been forwarded to other branches or offices of the reporting institution for collection; and
- 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 in or under item 1101 through 1104.

Include:

- a) gold and silver coins held and gold bullions held in own vaults or on an allocated basis to the extent backed by bullion liabilities; and
- b) any other item which may be considered cash but does not fit into the items 1101

through 1104.

Exclude:

- a) gold and silver coins held and gold bullions held on an unallocated basis by another party. These should be reported in item 1906 “All Other Assets”;
- b) cash items for which the reporting institution has already been credited. These should be reported in item 1103 “Due from ODCs”;
- c) items handled as non-cash collection items. These should be reported in item 1907 “All Other Assets”;
- d) cash items in process of collection, which are included in item 1103 “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 “All Other Assets”;
and
- 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 instructions:

1. 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;
and
- 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.

For the reporting of the abovementioned items, refer to Table 4.1 for the applicable IFRS.

1301 FINANCIAL ASSETS MEASURED AT FAIR VALUE

Other instructions:

1. 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 and 1301 160 “Equity Instruments PNCs” and/or “Equity Instruments ONCs”, respectively.

1303 FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Refer to Table 4.1 for the applicable IFRS.

1304 INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

Include:

- a) associates/ investments in unconsolidated affiliates; and
- b) joint ventures.

Other instructions:

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

Specific note:

1. Income from investments in unconsolidated affiliates should be reported in item 6204 “Share of the profit/ (loss) of investments in entities accounted for using the equity method”.
2. Credit extension to unconsolidated affiliates should be reported under account 1400 “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 1300 “Investments” and sector.

1305 DERIVATIVES FINANCIAL ASSETS

Other instructions:

1. Report all positive-value derivatives.

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, ODCs; and
- b) certificates of deposit and the Reserve Requirement held at the Bank and other foreign CBs.

Other instructions:

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

1309 ALLOWANCE FOR IMPAIRMENT

Refer to Table 4.1 for the applicable IFRS, with respect to calculating the allowance for impairment for financial assets measured at amortized cost and for further guidance on the calculation of impairment losses.

14 LOANS

According to IFRS, loans are categorized as (financial assets). However, as the Bank applies common practice to this category for the calculation of provision for losses, it is reported separately from the investments. The CoA differs from IFRS with respect to these assets since the Bank applies Supervisory Regulation IV “Regulation concerning General and Specific Provisions for Loans Losses of Credit Institutions” (SR IV) for the calculation of provision for loan losses instead of the impairment rules.

Include:

- a) 1401 current account overdrafts;
- b) 1402 term loans;
- c) 1403 mortgages;
- d) 1404 finance leases;
- e) 1405 other loans; and
- f) 1409 specific provisions on loans.

For the reporting of the aforementioned items, refer to Table 4.1 for the applicable IFRS.

Other instructions:

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 would be a loan to a HH. Therefore, installment loans to corporations should be reported under the appropriate sector (either: ODCs, OFCs, PNCs, or ONCs). If such loans are carried in the personal installment loan portfolio for bookkeeping purposes, they should be transferred to corporate loans for reporting purposes.
2. Undisbursed loan funds should be reported in the appropriate items under account 85 "Commitments".

1401 CURRENT ACCOUNT OVERDRAFTS

- a) Include: extensions of credit made in the form of planned ("contracted") overdrafts; and
- b) extensions of credit in the form of unplanned ("noncontracted") 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 ("noncontracted") overdrafts include overdrafts for which no written contract has been established.

1402 TERM LOANS

Include:

- a) extensions of credit having a fixed maturity according to the contractual agreement entered into between the reporting institution and the borrower (among others, consumer loans and commercial loans).

1403 MORTGAGES

Include:

- a) all loans secured by mortgage on real estate, airplanes, or vessels, which is evidenced by a mortgage deed and the outstanding balance of the loan does not exceed 70% of the appraised value by an independent appraiser, and on which there are no other preferential rights to the property.

Other instructions:

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

1404 FINANCE LEASES

Include:

- a) the balance of leases on property acquired by the reporting institution for the purpose of financial leasing. Refer to Table 4.1 for the applicable IFRS.

1405 OTHER LOANS

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

Include:

- a) credit cards;
- b) demand loans;
- c) repurchase agreements (repos); and
- d) loans designated at fair value.

Other instructions:

1. Contrary to credit cards and demand loans, repos are 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 “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. The relevant provisioning guidelines are outlined in SR IV.

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; and
- b) the amount of interest which has been accrued but not yet received.

Other instructions:

1. If the reporting institution has acquired its own acceptances, they should be reported as loans. If a customer anticipates his liability to the institution on acceptances by paying the bank either the full amount of the 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 NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Include:

- a) 1601 real estate & other assets from debts previously contracted;
- b) 1602 all other noncurrent assets; and
- c) 1609 allowance for impairment

Refer to Table 4.1 for the applicable IFRS.

Real estate and assets acquired by the reporting institution through conveyance in satisfaction of debts previously contracted comprises:

- a) assets purchased at sales under judgments; and
- b) 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 of 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, these subsidiaries should be consolidated or accounted for just as any other subsidiary in accordance with the CoA general guideline 2.7. 3.b.
3. Real estate and other assets acquired from debts previously contracted should be disposed of within a period of one to two years after the date of acquisition. If the asset is not disposed of within two years or if a longer period is necessary to dispose of the asset, a written request for dispensation of the aforementioned requirement should be submitted to the Bank. The request should contain the new period within which the asset will be disposed of.

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.

For the reporting of the aforementioned items, refer to Table 4.1 for the applicable IFRS.

Other instructions:

1. 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 one of the accounts 11 through 17.

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 all other assets; and
- h) 1909 allowance for impairment.

1901 INTANGIBLE ASSETS

For the reporting of intangible assets, refer to Table 4.1 for the applicable IFRS.

1902 PREPAID EXPENSES

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

Include:

- a) prepaid insurance;
- b) prepaid taxes; and
- c) other prepaid expenses.

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

Include:

- a) income earned or accrued but not yet collected on loans, securities, and other interest-bearing assets.

1905 DEFERRED TAX ASSETS

Refer to Table 4.1 for the applicable IFRS.

1906 DIVIDENDS RECEIVABLE

Include:

- a) accrued dividends on securities not yet received.

Other instructions:

1. Dividends on common shares and preference shares other than limited life preference shares should not be accrued until they are clearly payable by the issuer.

1907 ALL 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 among other things, 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 "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; and
- f) sundry accounts receivable.

1909 ALLOWANCE FOR IMPAIRMENT

4.3.2 For the impairment rules regarding other assets, refer to Table 4.1 for the applicable IFRS. CLASS 2: LIABILITIES

21 DEPOSITS

Deposits represent the nominal unpaid balance of money received or held by the reporting institution in the normal course of business and for which it has given or is obliged to provide credit to an account, either conditionally or unconditionally. The Bank 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, are 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, including by debit card.

Include:

- a) all deposits (except savings and time deposits) which can be withdrawn upon demand, i.e., without prior notice of an intended withdrawal;
- b) the time deposits which have matured and which have not been renewed; and
- c) all deposits that can be used to cover checks or draft (or other instrument, device, or arrangement 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 “Time Deposits”; and
- b) overdrawn demand deposits, with a “debit” balance. Those should be reported in item 1401 “Current Account Overdrafts” as appropriate.

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 in total more than 10% of demand deposits. 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 the interest-bearing deposit or account with respect to which the depositor is not required by the deposit contract, but may at any time be required by the reporting institution to give written notice of an intended withdrawal, and which is not payable on a specified date or at the expiration of a specified time after the date of deposit. Also report savings accounts for which withdrawal is restricted for a specified time period (e.g., children's savings plan).

Include:

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

Other instructions:

1. Savings deposits may be evidenced by a statement, passbook, 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 a mentioned condition, without giving advance notice.

Other instructions:

1. The certificates of deposit may be evidenced by a negotiable or nonnegotiable instrument or 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.

For the reporting of the aforementioned financial liabilities, refer to Table 4.1 for the applicable IFRS.

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. or 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.

Other instructions:

1. When due from ODC 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 negative-value derivatives under this account. Refer to Table 4.1 for the applicable IFRS.

Exclude:

- a) derivatives with positive fair value; these are carried as assets in item 1305 “Derivatives-Financial Assets”.

24 INTERBANK FUNDS-BOUGHT

Include:

- 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; and,
- 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

Include:

- a) the amount of unmatured 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

Report the total of all other liabilities to affiliates and nonaffiliate 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 all other provisions;
- f) 2606 dividends payable;
- g) 2607 all other liabilities; and,
- h) 2608 items in suspense.

2601 ACCRUED AND UNPAID EXPENSES

Include:

- a) all accrued other (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; and
- c) supervision fees.

2602 TAXES PAYABLE

Include:

- a) license fees payable; and
- 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).

Refer to Table 4.1 for the applicable IFRS.

2603 ACCOUNTS PAYABLE

Include:

- a) amounts due to suppliers for goods purchased or services received.

2604 ACCRUED INTEREST PAYABLE

Include:

- a) accrued interest which has not yet been credited to deposits on financial liabilities, interbank funds – bought, financial liabilities measured at amortized cost, and subordinated debt.

2605 DEFERRED TAX LIABILITIES AND ALL OTHER PROVISIONS

Include:

- a) 2605 100 deferred tax liabilities; and
- b) 2605 200 all other provisions.

Refer to Table 4.1 for the applicable IFRS.

2606 DIVIDENDS PAYABLE

Include:

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

2607 ALL 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 precomputed interest on loans.

2608 ITEMS IN SUSPENSE

Include:

- a) items which are transitory in nature and therefore remain in this account for a few days.

Other instructions:

1. Debit balances should be netted out against credit balances. If net debits balance results, this should be reported in parentheses.

27 *LIABILITY INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE*

Refer to Table 4.1 for the applicable IFRS.

28 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 nonsubordinated 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; and
- b) the amount no longer eligible as "Qualifying as Secondary Capital" which should be reported in item 2801 200 "Not Qualifying as Secondary Capital".

Other instructions:

1. The above qualifying subordinated debentures are considered 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 from the Bank that the amount can be considered a component of tier 2 capital.

4. Prior approval of the Bank should be obtained before the payment or removal of the subordinated debenture qualifying as secondary capital can occur. Such an approval will be given only if the CAR of the institution meets the regulatory requirements before and after the payment or removal. Otherwise, additional capital should be brought in.
5. The amount of subordinated debentures qualifying as secondary capital must be amortized on a straight-line basis at a rate of 20 percent (20%) 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 set out below, which 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% of tier 1 capital.

2801 200 NOT QUALIFYING AS SECONDARY CAPITAL

Include:

- a) all subordinated debentures that have not been formally recognized by the Bank as a qualifying component of tier 2 capital; and
- 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 shares that can be redeemed at the option of the holder; and
- b) the excess that the reporting institution received over par for limited life redeemable preference shares.

Exclude:

- a) those issues of preference shares that automatically convert into common shares or perpetual noncumulative preference shares at a stated date. These should be reported in item 1301 “Share Capital” at par and in item 3102 “Share Premium” for the amount received in excess of their par or stated value on or before the report date.

Other instructions:

1. Just like 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 it must be amortized on a straight-line basis at a rate of 20 percent (20%) annually over the last five years to maturity.
2. Issue documentation of the limited life redeemable preference shares should explicitly indicate that:
 - i. 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
 - ii. no payment may be made unless the institution is solvent and meets the CAR immediately after the payment.
3. An instrument may continue to accrue interest on any unpaid amounts. This can include interest on deferred interest payments.

4.3.3 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 all issued and fully paid perpetual non-cumulative preference shares; and
- c) those issues of preference shares which automatically convert into common shares or perpetual noncumulative preference shares at a stated date.

Other instructions:

1. The criteria to include perpetual non-cumulative preference shares, in item 3101 are specified in attachment A "*Perpetual noncumulative preference shares*" of the CoA AD.
The par value of treasury shares purchased is debited to share capital. When treasury shares are sold or reissued, the par value of the shares is credited to the share capital.
2. Foundations and associations also should include their capital under this heading.

3102 SHARE PREMIUM

Include:

- a) any amounts received for the common and perpetual noncumulative preference shares in excess of their par or stated value on or before the report date; and
- b) capital contributions without issuance of shares.

Other instructions:

1. Any premium or discount to par value of treasury shares is shown as an adjustment to share premium.

2. Branches of institutions incorporated in foreign countries should include any assigned capital under share premium.

3103 REVALUATION AND REGULATORY RESERVES

Include:

- a) the revaluation reserves 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 because of impairment. Any additions to and withdrawals from revaluation reserves should be in accordance with IAS/IFRS regulations on direct revaluation changes made to equity. Refer to Table 4.1 for the applicable IFRS;
- b) regulatory reserves for:
 - i. loans (general provision for loan losses), comprising the provision held against future, presently unidentified losses in the entire loan portfolio. The relevant provisioning guidelines are set out in the Bank's SR IV; and
 - ii. investments and other assets. Currently no guidelines for relevant provisions are applicable. However, the Bank reserves the right to prescribe at all times regulations concerning provision to cover the potential risks in investments 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) noncurrent assets held for sale and discontinued operations;
- d) reserves of investments in entities accounted for using the equity method; and
- e) all other reserves.

Refer to Table 4.1 for the applicable IFRS.

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.

Refer to Table 4.1 for the applicable IFRS for the foreign currency translation reserve.

In the event that there is a net debit foreign currency translation, this amount should be reported as a negative amount in parentheses.

3105 RETAINED EARNINGS

Include:

- a) those portions of earnings which were not distributed but retained and accumulated in prior periods net of any declared dividends over prior and current year income;
- b) net income for the current fiscal year up to the reporting date, before deducting declared dividends over the current fiscal year income; and
- c) the transfers to and from the regulatory reserves for loans, investments, and other assets.

32 *NONCONTROLLING INTEREST*

Refer to Table 4.1 for the applicable IFRS.

4.4 PROFIT AND LOSS ACCOUNT

4.4.1 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 income and certain fee income earned and interest expenses paid on the asset and liability categories in Class 1 and 2.

41 INTEREST INCOME

Include:

- a) 4101 interest income on deposit balances and on interbank funds-sold;
- b) 4102 interest income on investments; and
- c) 4103 interest income on loans;

4101 INTEREST INCOME ON DEPOSIT BALANCES AND ON INTERBANK FUNDS- SOLD

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

Include:

- a) interest earned on asset items 1103 and 1203 amount 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, refer to Table 4.2 for 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 derivatives- hedge accounting: interest rate risk; and
- d) 4102 500 time deposits.

Other instructions:

1. The abovementioned interest on items 4102 100, 4102 300, and 4102 500 regards interest earned on the related assets in items 1301 000, 1303 100, 1303 200, and “Debt instruments”.

- a) 4102 300 financial assets measured at amortized cost.

Other instructions:

1. The abovementioned interest regards interest earned on “Short Term Debentures” and “Long Term Debentures” of asset items 1303 100 and 1303 200, respectively.

- a) 4102 400 derivatives-hedge accounting: interest rate risk

Other instructions:

1. 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.

- a) 4102 500 time deposits

Other instructions:

1. The abovementioned interest regards interest earned on related time deposits of asset item 1306 “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 rebated 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 5100 “Fees and Commissions Income”.

42 INTEREST EXPENSES

Report all interest paid on the liabilities reported in liability accounts 21 “Deposits”, 22

“Financial Liabilities”, 23 “Derivatives Financial Liabilities”, 24 “Interbank Funds-Bought” and item 2801 “Subordinated Debentures”.

Include:

- a) 4201 demand deposits;
- b) 4202 savings deposits;
- c) 4203 time deposits;
- d) 4204 financial liabilities measured at fair value;
- e) 4205 financial liabilities measured at amortized cost;
- f) 4206 derivatives hedge accounting: interest rate risk;
- g) 4207 interbank funds – bought; and
- h) 4208 subordinated debentures.

Other instructions:

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

4.4.2 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

For the reporting of fees and commissions income refers to Table 4.2 for the applicable IFRS.

Include:

- 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

The fees and commission comprise the gross fees and commission income earned for performing and providing services related to:

- i. current account overdraft;
- ii. time loans;
- iii. mortgages;
- iv. finance leases;
- v. other loans;

- vi. checks and drafts;
- vii. collecting items;
- viii. performing securities and insurance brokerage activities;
- ix. acting as an agent or advisor for placement of securities; and
- x. the specified range of activities that involve contingent liabilities.

5101 100 SERVICE INCOME

Report all income regarding the outcome of a transaction involving the rendering of services reliably estimated; revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period.

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”.

Include:

- a) 5101 310 guarantees Issued;
- b) 5101 320 risk participations;
- 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 COMMISSIONS

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 and drafts, for collecting items, performing securities and insurance brokerage activities, and for a wide range of activities that involve contingent liabilities

4.4.3 CLASS 6: OPERATING PROFIT

The accounts in Class 6 comprise the dividend income, 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”.

Include:

- a) dividend income earned on financial instruments in the following item:
 - i. 6101 100 financial assets measured at fair value equity instruments.

62 *(UN)REALIZED GAINS/(LOSSES)*

Include:

- 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 noncurrent assets classified as held for sale in the following items:
 - i. 6201 (un) realized gains/(losses) on financial assets measured at fair value;
 - ii. 6202 (un) realized gains/(losses) on financial liabilities measured at fair value;
 - iii. 6203 realized gains/ (losses) on financial assets and liabilities measured at amortized cost;
 - iv. 6204 share of the profit/(loss) of investments in entities accounted for using the equity method;
 - v. 6205 gains/(losses) on derivatives financial assets and liabilities;
 - vi. 6207 gains/(losses) on foreign currencies; and
 - vii. 6208 profit/(loss) from noncurrent 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 instructions:

1. Items 6201, 6202, and 6203 include all realized and unrealized gains or losses on the sale 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

For the reporting of the aforementioned share, refer to Table 4.2 for 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 contracts;
- 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; and
- 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:

- a) 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 contracts.

Exclude:

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

Other instructions:

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

6207 GAINS/ (LOSSES) ON FOREIGN CURRENCIES

Include:

- a) exchange rate differences, with respect to transactions and the holding of assets and liabilities in currencies other than that in which the annual accounts are drawn up (functional currency). Refer to Table 4.2 for the applicable IFRS.

6208 PROFIT/ (LOSS) FROM NONCURRENT ASSETS AND DISPOSALS GROUPS CLASSIFIED AS HELD FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS

Include:

- a) any gain or loss on the remeasurement of a noncurrent asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation. Refer to Table 4.2 for the applicable IFRS.

63 *ALL OTHER INCOME*

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

64 *PERSONNEL EXPENSES*

For the reporting of personnel expenses, refer to Table 4.2 for the applicable IFRS.

Exclude:

- a) amounts paid to external professional services, such as legal, management, auditing, IT and investment counsel. Those amounts should be reported in account 69 “All 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 with respect to operational lease; and
- e) utility expenses.

66 PROVISION FOR (RECOVERIES FROM) LOAN LOSSES

Include:

- a) 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. Refer to the Table 4.2 for the applicable IFRS.

69 ALL 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 counsel;
- b) cost of bank newspaper and magazines;
- c) premiums for insurance policies naming the institution as beneficiary;
- d) legal expense resulting from litigations;
- e) sponsorship of any organization, such as athletic team and soccer team;
- f) other taxes; and
- g) all other operating expenses.

4.4.4 CLASS 7: NONCONTROLLING INTEREST, TAXES, AND NET INCOME

The accounts in Class 7 comprise non-controlling interest in the profits or losses of consolidated subsidiaries and applicable profit taxes.

71 NO-CONTROLLING INTEREST IN PROFIT/(LOSS) OF CONSOLIDATED SUBSIDIARIES

Report the proportionate share that any noncontrolling shareholders have in the net income/(loss) of the subsidiaries which have been consolidated. Refer to Table 4.2 for the applicable IFRS.

72 NET INCOME AFTER NONCONTROLLING 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.

8001 *DIVIDENDS DECLARED*

Report the total dividends declared during the current fiscal year. Declared dividends can comprise current and/or prior period net income.

8000 *NET INCOME CURRENT PERIOD AFTER DIVIDENDS DECLARED*

Comprises the total net income for the current period up to the reporting month net of declared dividends during the current period.

4.5 CONTINGENT LIABILITIES

4.5.1 CLASS 8: CONTINGENT LIABILITIES

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

Include:

- a) 81 guarantees issued;
- b) 82 risk participations;
- c) 83 repo-style transactions;
- d) 84 note issuance facilities and revolving underwriting facilities;
- e) 85 commitments;
- f) 86 pending litigation;
- g) 87 performance-related contingencies; and
- h) 89 all other contingent liabilities.

Refer to Table 4.2 for the applicable IFRS.

81 GUARANTEES ISSUED

This account reflects the reporting institution's potential liability on 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 on 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; and
- 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, the selling institution will be indemnified for the full principal and interest attributable to them.

Include:

- a) risk participations in bankers' acceptances; and
- 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 predetermined price;
- b) reverse repurchase agreements: a transaction 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 recourse³: include any asset sales 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; and
- 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

³ 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.

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 an 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:

- a) forward asset 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 the 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 predetermined 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 of over 1 year;
- e) commitments (e.g., undrawn formal standby facilities and credit lines) with an original maturity up to 1 year;
- f) commitments that can be unconditionally cancelable at any time by the reporting institution without prior notice; and
- g) commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.

86 *PENDING LITIGATION*

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

87 *PERFORMANCE-RELATED CONTINGENCIES*

These contingencies represent contingent liabilities that involve an irrevocable obligation to pay a third party in the event a counterparty fails to fulfill or perform a contractual nonmonetary 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 issue of:

- a) performance bonds;
- b) bid bonds;
- c) warranties;
- d) indemnities; and
- e) standby letters of credit in relation to a nonmonetary 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; and
- b) commitments to purchase investments or intangible assets such as mortgage servicing rights.

4.6 TABLES 4.1 AND 4.2 REPORTING STANDARDS

4.6.1 Table 4.1 Reporting Standards for Balance Sheet Statements

version July 2014

CLASS 1: ASSETS		Applicable IFRS		
		Classification	Measurement	Reclassification/ Derecognition
1100 000	CASH AND DEPOSIT BALANCES	Common practice	Common practice	Common practice
1200 000	INTERBANK FUNDS - SOLD	Common practice	Common practice	Common practice
1300 000	INVESTMENTS			
1301 000	Financial Assets measured at fair value	IFRS 9.4.1.1 & 9.4.1.4 – 9.4.1.6	IFRS 9.5.1 & 9.5.2	IFRS 9.3.2 & 9.4.4 & 9.5.6
1303 000	Financial Assets measured at amortized cost	IFRS 9.4.1.1-9.4.1.3	IFRS 9.5.1 & 9.5.2	IFRS 9.3.2, 9.4.4 & 9.5.6
1304 000	Investments in entities accounted for using the equity method	IAS 28	IAS 28	IAS 28
1305 000	Derivatives Financial Assets			
1305 100	Derivatives Held For Trading	IFRS 9.4.1	IFRS 9.5.1 & 9.5.2	IFRS 9.3.2 & 9.4.4 & 9.5.6
1305 200	Derivatives Held For Hedging	IAS 39.9, IAS 39.71-102, IAS 39AG94 - AG132	FV hedge: IAS 39.89-94; CF hedge: IAS 39.95-101 and Hedges of a net inv.: IAS 39.102	IFRS 9.32 & 9.4.4.3
1306 000	Time Deposits	Common practice	Common practice	Common practice
1309 000	Allowance for Impairment	IAS 28, IAS 39.58-65; and AG84-AG93 of IAS 39	IAS 28.40-43, IAS 39.63, IAS39.58-70, IAS 39 AG84-92	n/a
1400 000	LOANS			
1401 000	Current Account Overdrafts	IFRS 9.4.1.1-9.4.1.4	IFRS 9.5.1 & 9.5.2	IFRS 9.3.2, 9.4.4 & 9.5.6
1402 000	Term Loans	IFRS 9.4.1.1-9.4.1.4	IFRS 9.5.1 & 9.5.2	IFRS 9.3.2, 9.4.4 & 9.5.6
1403 000	Mortgages	IFRS 9.4.1.1-9.4.1.4	IFRS 9.5.1 & 9.5.2	IFRS 9.3.2, 9.4.4 & 9.5.6
1404 000	Finance Leases	IAS 17	IAS 17	IAS 17
1405 000	Other Loans	Common practice	Common practice	Common practice
1500 000	CUSTOMERS' LIABILITY ON BANKERS ACCEPTANCES	Common practice	Common practice	n/a
CLASS 1: ASSETS (continued)		Applicable IFRS		

		Classification	Measurement	Reclassification/ Derecognition
1600 000	NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	IFRS 5	IFRS 5	IFRS 5
1700 000	PROPERTY, PLANT, AND EQUIPMENT	IAS 16	IAS 16	IAS 16
1900 000	OTHER ASSETS			
1901 000	Intangible Assets			
1901 010	Goodwill	IFRS 3.B67	IFRS 3.32-3.53	n/a
1901 020	Other Intangible Assets	IAS 38.8- 38.17	IAS 38.18-38.110	n/a
1902 000	Prepaid Expenses	Common practice	Common practice	n/a
1903 000	Accounts receivable	Common practice	Common practice	n/a
1904 000	Accrued Interest Receivable	Common practice	Common practice	n/a
1905 000	Deferred Tax Assets	IAS 12.5-12.11 & 12.15-12.45	IAS 12.46-68C	n/a
1906 000	Dividends Receivable	Common practice	Common practice	n/a
1907 000	All Other Assets	Common practice	Common practice	n/a
1909 000	Allowance for Impairment	IAS 28 & IAS 36	IAS 28 & IAS 36	n/a
CLASS 2: LIABILITIES		Applicable IFRS		
		Classification	Measurement	Reclassification/ Derecognition
2100 000	DEPOSITS			
2101 000	Demand Deposits	Common practice	Common practice	Common practice
2102 000	Savings Deposits	Common practice	Common practice	Common practice
2103 000	Time Deposits	Common practice	Common practice	Common practice
2200 000	FINANCIAL LIABILITIES			
2201 000	Financial Liabilities measured at fair value	IFRS 9.4.2.2 & 9.4.2.3	IFRS 9.5.1 & 9.5.3	IFRS 9.3.3 & 9.4.4
2202 000	Financial Liabilities measured at amortized cost	IFRS 9.4.2.1	IFRS 9.5.1 & 9.5.3	IFRS 9.3.3 & 9.4.4
CLASS 2: LIABILITIES(continued)		Applicable IFRS		
		Classification	Measurement	Reclassification/ Derecognition
2300 000	DERIVATIVES FINANCIAL LIABILITIES			
2301 000	Derivatives Held For Trading	IFRS 9.4.2	IFRS 9.5.1 & 9.5.3	IFRS 9.3.3 & 9.4.4

2302 000	Derivatives Held For Hedging	IAS 39.9, IAS 39.85 -102, IAS 39AG94 - AG132	IAS 39.89- 39.102	IFRS 9.3.3 & 9.4.4.3
2400 000	INTERBANK FUNDS - BOUGHT	Common practice	Common practice	Common practice
2500 000	BANKERS' LIABILITY FOR ACCEPTANCES	Common practice	Common practice	Common practice
2600 000	OTHER LIABILITIES			
2601 000	Accrued and Unpaid Expenses	Common practice	Common practice	Common practice
2602 000	Taxes Payable	IAS 12.5-12.14	IAS 12.46-12.68C	n/a
2603 000	Accounts Payable	Common practice	Common practice	Common practice
2604 000	Accrued Interest Payable	Common practice	Common practice	Common practice
2605 100	Deferred Tax Liabilities	IAS 12.5-12.11& 12.15- 12.45	IAS 12.46-12.68C	n/a
2605 200	All Other Provisions	IAS 37	IAS 37	IAS 37
2606 000	Dividends Payable	Common practice	Common practice	Common practice
2607 000	All Other Liabilities	Common practice	Common practice	Common practice
2608 000	Items in suspense	Common practice	Common practice	Common practice
2700 000	LIABILITY INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	IFRS 5	IFRS 5	IFRS 5
2800 000	SUBORDINATE DEBENTURES AND LIMITED LIFE REDEEMABLE PREFERENCE SHARES	Common practice	Common practice	Common practice

CLASS 3: EQUITY		Applicable IFRS		
		Classification	Measurement	Reclassification/ Derecognition
3100 000	SHAREHOLDERS' EQUITY			
3101 000	Share Capital	Common practice	Common practice	Common practice
3102 000	Share Premium	Common practice	Common practice	Common practice
3103 000	Revaluation and Regulatory Reserves			
3103 100	Revaluation Reserves			
3103 110	Hedge of net investments in foreign operations	IAS 39.102 & IAS 21 (§ 15, 48 & 49)		
3103 120	Cash flow Hedges	IAS 39.95-101		
3103 130	Changes in fair value of equity investments measured at fair value that is not held for trading	IFRS 9.5.7		
3103 140	Changes in fair value of financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk	IFRS 9.5.7		
3103 150	Revaluation Reserves Property Plant and Equipment	IAS 16.29-16.42		
3103 160	Revaluation Reserves Intangible Assets	IAS 38.75- 38.87		
3103 200	Regulatory Reserves	Common practice		
3104 000	Other Reserves			
3104 100	Foreign Currency Translation Reserves	Common practice		
3104 200	Statutory Reserves	Common practice		
3104 300	Non-current assets held for sale and discontinued operations	IFRS 5 (§21 & 22)		
3104 400	Reserves of investments in entities accounted for using the equity method	IAS 28.10- 28.15		
3104 500	All other Reserves	Common practice		
3105 000	Retained Earnings	Common practice		
3200 000	NONCONTROLLING INTEREST	IFRS 3.18- 3.20 & IFR 10 B94-B96		

4.6.2. Table 4.2 Reporting Standards for Profit and Loss Accounts and Contingent

Liabilities

Version July 2014

CLASS 4 : NET INTEREST INCOME		Applicable IFRS
		Classification/ Measurement
4100 000	INTEREST INCOME	
4101 000	Interest Income on Deposit Balances and on Interbank Funds-Sold	Common practice
4102 000	Interest Income on Investments	
4102 100	Financial Assets measured at fair value	IFRS 9.5.7.1 & 9.5.7.4
4102 300	Financial Assets measured at amortized cost	IFRS 9.5.7.2
4102 400	Derivatives-Hedge accounting, interest rate risk	IFRS 9.5.7.3/IAS 39.89-102
4102 500	Time Deposits	Common practice
4103 000	INTEREST INCOME ON LOANS	
4103 100	Current Account Overdrafts	Common practice
4103 200	Term Loans	Common practice
4103 300	Mortgages	Common practice
4103 400	Finance Leases	IAS 17
4103 500	Other Loans	Common practice
4200 000	INTEREST EXPENSES	
4201 000	Demand Deposits	Common practice
4202 000	Savings Deposits	Common practice
4203 000	Time Deposits	Common practice
4204 000	Financial Liabilities measured at fair value	IFRS 9.5.7.7-9.5.7.9
4205 000	Financial Liabilities measured at amortized cost	IFRS 9.5.7.2
4206 000	Derivatives Hedge accounting, interest rate risk	IFRS 9.5.7.3/IAS 39.89-102
4207 000	Interbank Funds - Bought	Common practice
4208 000	Subordinated Debentures and Limited Life Redeemable Preference Shares	Common practice
CLASS 5 : NET FEES AND COMMISSIONS		Applicable IFRS
		Classification/ Measurement
5000 000	NET FEES AND COMMISSIONS	
5100 000	FEES AND COMMISSIONS INCOME	IAS 18.9-13, IAS 18.20-28
5200 000	FEES AND COMMISSIONS EXPENSES	Common practice

6.

CLASS 6 : OPERATING PROFIT	Applicable IFRS
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		Classification/ Measurement
6100 000	DIVIDEND INCOME ON INVESTMENTS	IFRS 9.5.7.6
6200 000	(UN)REALIZED GAINS / (LOSSES)	
6201 000	(Un) Realized gains/ (losses) on financial assets and financial liabilities measured at fair value	IFRS 9.5.7.1 & 9.5.7.7 - 9.5.7.9
6203 000	Realized gains / (losses) on financial Assets and Liabilities measured at amortized cost	IFRS 9.5.7.2
6204 000	Share in the profit/(loss) of investments in entities accounted for using the equity method	IAS 28.10- 28.15
6205 000	Gains / (losses) on Derivatives Financial Assets and Liabilities	IAS 39.89-102
6206 000	Gains / (losses) on Foreign Currencies	IAS 21.27-37 & IAS 21.52 (a)
6207 000	Profit/(loss) from noncurrent assets and disposals groups classified as held for sale not qualifying as discontinued operations	IFRS 5.37
6300 000	ALL OTHER INCOME	Common practice
6400 000	PERSONNEL EXPENSES	IAS 19
6500 000	OCCUPANCY EXPENSES	Common practice
6600 000	PROVISION FOR/ (RECOVERIES FROM) LOAN LOSSES	SR IV
6700 000	IMPAIRMENT	
6701 000	Financial Assets measured at amortized cost	IAS 39.58- 39.65
6702 000	Noncurrent assets held for sale and discontinued operations	IFRS 5.20- 5.25
6703 000	Property, plant, and equipment	IAS 36
6704 000	Investment properties	IAS 36
6705 000	Investments in entities accounted for using the equity method	IAS 36
6706 000	Goodwill	IAS 36
6707 000	Other Nonfinancial Assets	IAS 36
6900 000	ALL OTHER OPERATING EXPENSES	Common practice
6000 000	OPERATING PROFIT	
CLASS 7 : NON-CONTROLLING INTEREST, TAXES AND NET INCOME		Applicable IFRS
		Classification/ Measurement
7100 000	NONCONTROLLING INTEREST IN PROFIT (LOSS) OF CONSOLIDATED SUBSIDIARIES	IFRS 10.19- 10.26
7200 000	NET INCOME AFTER NONCONTROLLING INTEREST	
7300 000	LESS: APPLICABLE PROFIT TAXES	IAS 12.58- 12.60
7900 000	NET INCOME FOR THE CURRENT PERIOD	
8001 000	DIVIDENDS DECLARED	Common practice
8000 000	NET INCOME AFTER DIVIDENDS DECLARED	
CLASS 8 : CONTINGENT LIABILITIES		Applicable IFRS

		Classification/ Measurement
8100 000 – 8900 000	CONTINGENT LIABILITIES	IAS 37.27- 27.30 & IFRS 9.5.7.9

5. SUB-REPORTS

Chapter 5 contains the description of and the instructions to complete the sub-reports I and II “Exposures to the Governments of Curaçao, Sint Maarten, Former N.A. government and foreign governments and their Agencies and Institutions” and “Mortgages”, respectively.

Subsequent to the following sections 5.1 and 5.2 “Introduction” and “Level of reporting”, respectively, the objectives, further details on the level of reporting and the reporting instructions regarding sub-reports I and II are set out in sections 5.3 and 5.4.

5.1 INTRODUCTION

In view of the Bank’s responsibility for monetary and prudential supervision, reporting institutions should periodically submit to the Bank the sub-reports I and II as set out in sections 5.3 and 5.4.

5.2 LEVEL OF REPORTING

The reporting institution as described in sections 5.3.2 and 5.4.2 should duly complete the sub-report I and sub-report II in accordance with the level of reporting as set out further in the aforementioned sections.

5.3 SUB-REPORT I EXPOSURES TO GOVERNMENTS OF CURAÇAO, SINT MAARTEN, FORMER N.A. GOVERNMENT AND FOREIGN GOVERNMENTS AND THEIR AGENCIES AND INSTITUTIONS

5.3.1. OBJECTIVE

1. Sub-report I provides a breakdown of the reporting institution's exposures to the governments of Curaçao and Sint Maarten, the former Netherlands Antilles (N.A.) government and foreign governments and their agencies and institutions. The exposures are contained in the relevant accounts and items of the submitted CoA's balance sheet and contingent liabilities' report. The information serves for monetary purposes only.

5.3.2 LEVEL OF REPORTING

1. Each reporting institution, with the exception of the consolidated and non-consolidated international banks, should duly complete sub-report I in accordance with the level of reporting that is applicable to the institution.
2. Upon login, the reporting institution's name and all levels required to be completed by the institution are generated automatically in the heading of sub-report I.
3. Sub-report I should cover only the institution's operations on Curaçao and Sint Maarten, with respect to the abovementioned exposures.
4. If there is nothing to report on sub-report I, the reporting institution should still submit it in accordance with the submission procedure of CoA reports set out in General Guideline 2.4.

5.3.3 INSTRUCTIONS

5.3.3.1 Reporting instructions

Include in the row:

Government	the total gross balance of any asset due from, liability due to and any guarantee issued on behalf of the governments of Curaçao, Sint Maarten the former N.A. government or foreign governments, that is contained in the relevant item of the balance sheet and the contingent liabilities.
Of which Agencies And Institutions	the total gross balance of any asset due from, liability due to, and guarantee issued on behalf of agencies and institutions of the above-mentioned governments that is contained in the relevant row "Governments" in sub-report I.
Less: Allowance	the aggregate amount of any impairment for the investments and other

for Impairments assets that are contained in the relevant rows “Governments” in sub-report I.

Less: Specific Provisions on Loans the aggregate amount of any specific provisions for loans that are contained in the relevant rows “Governments” in sub-report I.

Other instructions:

1. The gross balance is the total amount of:
 - i. the asset, before deducting any specific provision, any allowance for impairment, and applying the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation and Guarantors for Credit Risk Mitigation*”; and
 - ii. the liability before applying the rules of compensation.
2. Report in each row whose item name includes the word “total”, the aggregate amount of the specific class or asset or liability account or item that is reported in the rows “Governments”, and that relate to that specific class, account, or item, net of any specific provisions on loans and/or allowances for impairment.

Note:

Some applied item numbers in sub-report I deviate from the item numbers in the CoA balance sheet.

5.4 SUB-REPORT II MORTGAGES

5.4.1 OBJECTIVE

1. Sub-report II provides a breakdown of the mortgages contained in the reporting institution's CoA's balance sheet item 1403 "Mortgages". Sub-report II constitutes four parts: Parts IIA, IIB, IIC, and IID. Parts IIA, IIB, and IIC serve both monetary as well as prudential purposes, while part IID serves prudential purposes only.

5.4.2 LEVEL OF REPORTING

1. Each reporting institution that is a consolidated or nonconsolidated international bank should only complete and submit sub-report II part IID, in accordance with the level of reporting that is applicable to the institution.
2. All other reporting institutions should duly complete all parts of sub-report II in accordance with the level(s) of reporting applicable to the institution.
3. Upon log-in, the reporting institution's name and all levels required to be completed by the institution are generated automatically in the heading of each of the parts of sub-report II.
4. If there is nothing to report on sub-report II, the reporting institution should still submit the report in accordance with the submission procedure of CoA reports set out in General Guideline 2.4.

5.4.3 INSTRUCTIONS

5.4.3.1 General instructions

1. Each mortgage amount should be reported in only one of the sub-report II parts IIA, IIB or IIC. In addition, sub-report II part IID also must be filed, and includes each mortgage amount that meets the criteria of residential mortgage loans described in attachment E-1 "*Residential mortgage loans (qualification criteria)*".
2. The amounts in parts IIA, IIB, and IIC should be reported gross (this is before the deduction of specific provisions and the application of compensation⁴).
The amounts in part IID should be reported after the deduction of specific provisions but before the application of compensation.

⁴ For compensation, refer to attachment I-1 "*Credit Risk Mitigation Techniques*" and I-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*".

5.4.3.2 *Reporting instructions*

In sub-report II part IIA: Mortgages for (purchase of) real estate.

Include:

- a) the mortgage loans contained in item 1403 of the balance sheet, for the purchase of real estate property that do not meet the definition of mortgage construction loans.

In sub-report II part IIB: Mortgages construction loans.

Include:

- a) the mortgage loans contained in item 1403 of the balance sheet that meet the definition of mortgage construction loans (see the annex Definitions).

In sub-report II part IIC: Mortgages others.

Include:

- a) all other mortgages loans contained in item 1403 of the balance sheet and not already reported in the above sub-report II parts IIA and IIB.

In sub-report II part IID: Mortgages meeting the qualification criteria.

Include:

- a) the amounts reported in sub-report II parts IIA, IIB, and IIC that meet the criteria of residential mortgage loans described in attachment E-1 "*Residential mortgage loans (qualification criteria)*".

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

- a) mortgages with Loan-to-value (LTV) ratios between 50% up to and including 70%; and
- b) mortgages with LTV ratios up to and including 50%.

Note:

The applied item numbers in sub-report II deviate from the item numbers in the CoA balance sheet.

5.4.3.3 *Other instructions*

1. The total mortgages reported in parts IIA, IIB, and IIC should equal the balance of item 1403 "Mortgages".
2. The subdivided amounts in sub-report II part IID should be captured in SS 1C.

5.4.4 EXAMPLE ON SUB-REPORT II

The worked example 4 on reporting of mortgages in sub-report II and calculating the RWA in SS 1C for residential mortgages is included in the **CoA Manual (Reports and Examples**

Document) CoA R&ED.

6. SUPPORTING SCHEDULES FOR PRUDENTIAL SUPERVISION

Chapter 6 contains the description of and the instructions to complete the Supporting Schedules (SSs) for prudential supervision.

Subsequent to the following sections 6.1, 6.2, and 6.3, “Introduction”, “Level of reporting” and “Supporting Schedules for Prudential Supervision”, respectively, the objectives, further details on the level of reporting, and reporting instructions regarding the SSs for prudential supervision are set out in section 6.4 through section 6.26.

6.1 INTRODUCTION

In view of the Bank's responsibility for prudential supervision, reporting institutions periodically should submit to the Bank for prudential supervision the SSs for prudential supervision as set out in section 6.4 through section 6.26.

6.2 LEVEL OF REPORTING

1. The reporting institution as described in section 6.4 through section 6.26 should duly complete the SSs for prudential supervision, also referred to as CoA reports, in accordance with the level(s) of reporting applicable to the institution.
2. Upon log-in, the reporting institution's name and all levels required to be completed by the institution are generated automatically in the heading of each SS.
3. If there is nothing to report on a CoA report, the reporting institution should still submit it in accordance with the submission procedure of CoA reports set out in General Guideline 2.4.

6.3 SUPPORTING SCHEDULES FOR PRUDENTIAL SUPERVISION

The supporting schedules (SSs) for prudential supervision comprise:

- a) the supporting schedules related to capital adequacy;
- b) the supporting schedules related to liquidity; and
- c) other supporting schedules.

6.3.1 SUPPORTING SCHEDULES RELATED TO CAPITAL ADEQUACY

6.3.1.1 *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;
- f) SS 1F-1 Risk-Weighted Assets Basic Indicator 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);
- 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 11A Large Exposures;
- s) SS 11B Largest Exposures;
- t) SS 12 A Due From/To Unconsolidated Affiliates;
- u) SS 12B Due From/To Unconsolidated Affiliates;
- v) SS 13A Credit Extension to Shareholders, Directors, Executive Officers, Employees;
and
- w) SS13B Credit Extension to Shareholders, Directors, Executive Officers, Employees.

6.3.1.2 *Objective*

The abovementioned SSs are part of the framework through which the Bank assesses whether a reporting institution maintains adequate capital (ratios) pursuant to article 21 of the National Ordinance on the Supervision of Banking and Credit Institutions of 1994 (N.G. 1994, no. 4). In addition, the provisions in these SSs are based on the Basel II, the Bank's choices with respect to National Discretion as set out below and in attachment C "*National Discretion*", and Supervisory Regulations I, II, III, and IV.

6.3.1.3 *General instructions*

Some of the terms or expressions that are used in the instructions for the abovementioned 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 and individuals 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 will use available assessments (credit ratings) by external credit assessment institutions (ECAIs) recognized by the Bank as eligible for capital adequacy purposes. These assessments are referred to as ECAI ratings⁵. The ECAIs recognized by the Bank are set out in attachment B "*Credit Ratings and Eligibility Criteria ECAP*". In the absence of an assessment, the "Unrated" assessment will apply. A reporting institution may only with the Bank's prior approval and where appropriate, use the credit ratings of other ECAIs to determine the risk grade and risk weight of an exposure. For an institution to be recognized by the Bank as an ECAI, it must satisfy the eligibility criteria mentioned in attachment B.

3. Risk grades

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

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 provided as an example only. S&P is among the ECAIs recognized by the Bank. The credit ratings of these ECAIs may be used equally. Therefore, the ratings used throughout this document do not express any preferences or determinations on external assessment institutions by the Bank or the Basel Committee.

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 broadly 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 Bank has chosen the options that it will allow from the National Discretions available under the standardized approach to credit risk, credit risk mitigation, and operational and market risk. Refer to attachment C for the Bank’s National Discretion.

6. Credit Risk Mitigation

A reporting institution, subject to meeting relevant requirements, may apply credit risk mitigation (CRM) techniques to reduce its credit risk capital requirement for on-balance sheet assets and off-balance sheet exposures. The CRM techniques and relevant eligible instruments allowed by the Bank for CRM and capital adequacy purposes with respect to CRM are set out in attachment H-1 “*Credit Risk Mitigation Techniques*” and attachment H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”.

A reporting institution may not recognize additional CRM techniques on claims where the risk weight is mapped from an ECAI issue-specific rating and that rating already reflects CRM.

In general, if a particular asset, derivative contract, or off-balance sheet item has features that could place it in more than one risk category, it is assigned to the category with the lowest risk weight.

6.3.2 SUPPORTING SCHEDULES RELATED TO LIQUIDITY

6.3.2.1 Liquidity

The supporting schedules related to liquidity comprise:

- a) SS 20 Liquidity Report;
- b) SS 21 Gross to Net Balances;
- c) SS 22 Maturity;
- d) SS 23 Large Depositors; and

- e) SS 24 Savings Deposits.

6.3.2.2 *Objective*

The abovementioned SSs are part of the framework through which the Bank assesses whether a reporting institution maintains adequate liquidity pursuant to article 21 of the National Ordinance on the Supervision of Banking and Credit Institutions of 1994 (N.G. 1994, no. 4).

6.3.3 OTHER SUPPORTING SCHEDULES

6.3.3.1 *Other*

The other supporting schedules comprise:

- a) SS 30A Overdrawn Current Account Overdrafts;
- b) SS 30B Delinquent And Non-Performing Loans;
- c) SS 31 Pledged Assets; and
- d) SS 32 Interest Rate Reprising.

6.3.3.2 *Objective*

The abovementioned SSs are part of the framework through which the Bank assesses other aspects of a reporting institution's operation pursuant to article 21 of the National Ordinance on the Supervision of Banking and Credit Institutions of 1994 (N.G. 1994, no. 4).

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

6.4.1 OBJECTIVE

1. SS 1A 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 to determine if the institution meets the minimum required CAR of 8% set by the Bank.

The Bank may require a reporting institution to maintain a higher CAR, based on among other things, the results of the Bank's on-site examinations, or during economic contraction of an economy in which the institution has a major presence as lending and credit exposures tend to be more risky. In addition, the Bank may require reporting institutions to maintain a higher CAR based on further developments of international standards.

6.4.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.4.3 REPORTING INSTRUCTIONS

Include in the row:

- | | |
|------------------------------------|---|
| 10. Total Capital Base | in column B, the total capital base amount calculated in SS 1B " <i>Capital</i> ". |
| 20. Total RWA for Credit Risk | in column A, the total credit RWA amount calculated in SS 1C " <i>Risk-Weighted Assets Standardized Credit Risk</i> ". |
| 30. Total RWA for Operational Risk | in column A, the total RWA equivalent amount for operational risk, calculated in the applicable SSs (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 " <i>Market Risk Standard Method Summary</i> ". |
| 50. Aggregate RWA | in column B, the aggregate of all the abovementioned total RWA (equivalent) amounts of rows 20 through 40. |

60. Total CAR percentage in column B, the CAR percentage. It is calculated by dividing the amount included in row 10 by 1% of the amount included in row 50 .
70. Aggregate RWA Previous Reporting Period in column B, the aggregate RWA reported in row 50 of SS 1A of the previous reporting period. This figure is used to calculate the reporting institution's total minimum required capital amount of the previous reporting month, to verify and determine the applicability of the de minimis rule 3.2 as set out in paragraph 6.12.3 “Instructions on Supporting Schedules on Market Risk”.

6.4.4 EXAMPLE ON SS 1A

The worked example 4.2 on calculating and reporting of the CAR and related SSs is included in the CoA Manual (Reports and Examples Document) (CoA R&ED).

6.5 SUPPORTING SCHEDULE 1B: CAPITAL

6.5.1 OBJECTIVE

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

6.5.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.5.3 INSTRUCTIONS

6.5.3.1 *General instructions*

Limits

1. The following capital components are subject to the limits set out below. Each reporting institution, after applying the deductions, should observe the limits set out in these instructions from tier 1 and tier 2 capital. The limits are subject to change by the Bank, based on, among other things, developments of relevant international standards:
 - a) net tier 1 capital should constitute at least 50% of the reporting institution's 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.

6.5.3.2 *Reporting instructions*

1. Guidance on columns 1 -3

Column 1. Amount

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

Column 2. %

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

Column 3. Capital base

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

Noncontrolling interest should not be included in the calculation of tier 1 capital and the total capital base if 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.

Include these amounts in parentheses () in the following rows:

70. Goodwill

Report the amount of goodwill of item 1901 01. Generally, all reported goodwill does not qualify for tier 1 capital and 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 items 1901 021 and 1901 022. Generally, all reported intangible assets with definite useful lives 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). For prudential reasons, all reported DTA net of DTL do 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. **Disallowed unrealized gains on Financial Assets measured at fair value**

Report the amount of unrealized gains on Financial Assets and Liabilities measured at fair value of item 6201 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.

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

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

120. **Disallowed unrealized reserves for Available for Sale Investments**

Report the amount of unrealized gains on Available for Sale (for reporting institutions that maintain such investments in their books according to IAS 39). For prudential reasons, unrealized gains on investments that are reported as Available for Sale 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.

(Basel II paragraph 37)

2.1.3 50/50 deductions of (significant) investments:

50% of the total amount of any of the following (significant) investment exposures should be deducted from tier 1 capital. Include the aforementioned total amount in parentheses () in the following rows and apply 50% to this amount. The remaining 50 % of the abovementioned total amount should be deducted from tier 2 capital as set forth in paragraph 2.2.3 below.

(Basel II paragraph 28)

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

Note:

The threshold which the Bank sets to define the minority investments as significant is equity interests 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 and 170. **Insurance entities**

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

Note:

A reporting institution 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 Bank considers it appropriate to deduct the abovementioned equity and other regulatory capital investments and significant minority investments. Under this approach, the institution would remove from its balance sheet assets and liabilities, as well as third party capital investments in an insurance subsidiary.

(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.

Note:

Significant minority investments comprise equity interests between 20% and 50%. The Bank may apply stricter materiality levels after notifying the banking sector in writing. The amount to deduct will be that portion of the investment that exceeds the materiality levels mentioned above. In case both materiality levels arise, the reporting institution should apply the larger deduction. The (remaining) amount of investments in significant minority- and majority-owned and controlled commercial entities below the abovementioned materiality levels should be risk weighted at no lower than 100%.

2.2 Net Tier 2 Capital

Net tier 2 capital comprises tier 2 capital less the “prudential filters” and deductions set out in the following paragraphs.

2.2.1 Tier 2 Capital:

Include the following capital components that make up tier 2 capital in the following rows:

210 and 220. Revaluation and regulatory reserves

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

Note:

The amount of regulatory reserves for Loans should be at least 2% of the net loan amount (gross loan amount minus specific provisions on loans and after applying compensation) of the reporting institution as set out in Supervisory Regulation IV “Regulation Concerning General and Specific Provisions for Loan Losses of Credit Institutions” (SR IV) .

The requirement of 2% applies under normal economic circumstances and market conditions, with no substantial concentrations of risks and an overall soundness of the loan portfolio. However, as set out in SRIV, under certain circumstances a higher percentage may be necessary for a particular institution.

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 term to maturity of at least five years.

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 four years	100%
B	less than and including four but more than three years	80%
C	less than and including three but more than two years	60%
D	less than and including two but more than one year	40%
E	less than and including one year	20%

2.2.2 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 live.
- 320. the deduction of the revaluation of investment property.
- 330. the deduction of the changes in fair value of equity investments measured at fair value that is not held for sale.
- 340. the elimination of the changes in fair value of financial liabilities measured at fair value, attributable to changes in credit risk.
- 350. the accumulated net gains or losses on cash flow hedges, to be neutralized by:
 - a) deducting the accumulated net gains/unrealized gains; and
 - b) by adding back the accumulated net losses/unrealized losses.

Note:

Based on the international developments in accounting standards, many financial institutions are now reporting consolidated financial statements based on IFRS. The IFRS accounting rules affect the amount, the quality, and the volatility of institutions' available regulatory capital. As accounting numbers remain the basis for the computation of prudential ratios, this change will have a significant impact on the capital ratios. According to IFRS standards, certain investments are valued at fair value, consequently increasing regulatory capital. The prudential filters serve as a means to reverse the effects of fair value.

2.2.3 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 50% 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 parentheses () in row 380 and apply 50% on that amount.

If the abovementioned remaining 50% of the total amount of the (significant) investments exposures exceeds the reporting institution's adjusted tier 2 capital, the institution should report the excess amount in row 120 "Shortfall in Tier 2" and deduct that amount from tier 1 capital (see the above paragraph 2.1.2.).

2.3 Total Capital Base

The derived amount is calculated as the sum of the abovementioned net tier 1 and net tier 2 capital. The total amount is included in row 400 and also should also be captured in SS 1A "*Capital Adequacy Ratio (CAR)*".

2.4 Total Capital Base for previous reporting period

The capital base is reported in row 400 of SS1B of the previous reporting period. The total amount is included in row 410.

6.5.4 EXAMPLE ON SS 1B

A worked example on SS 1B is contained in the worked example 4.2 on SS 1A in the CoA R&E.

6.6 SUPPORTING SCHEDULE 1C: RISK-WEIGHTED ASSETS AND STANDARDIZED CREDIT RISK

6.6.1 OBJECTIVE

1. 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 is used for calculating the institution's CAR in SS 1A "*Capital Adequacy Ratio (CAR)*".

6.6.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.6.3 INSTRUCTIONS

6.6.3.1 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. **Credit Risk Mitigation (CRM)**

A reporting institution may use the CRM techniques set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*" to reduce the credit risk associated with the (category of) assets.

3. **Derivative**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 6.8.3 of the instructions related to SS 1E "*Risk-Weighted Assets Standardized Credit Risk Derivatives*".

4. **Securitization**

Reporting institutions may not engage in the business of securitization.

5. **Past due and other classified loans**

These loans are reported separately under paragraph 6.6.3.2 item 2.18 "Past due loans". All the other claims are reported and risk weighted as set out under the other paragraphs.

6. **Exclude**

All assets and investments in banking, subsidiaries, 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.

6.6.3.2 Reporting instructions

1. Guidance on columns 1 to 4

Include in the column:

1. Exposures before CRM

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. Exposures after CRM

the amount for each (category of) on-balance sheet asset after applying any recognized⁶ and available CRM techniques used by the reporting institution. In the absence of recognized CRM techniques or if they cannot be used, the amount to report in column 2 will equal the amount reported in column 1. If available and depending on the type of CRM technique used, the amount covered by such CRM techniques will either be subject to a lower risk weight or the amount to report in column 2 will be lower than the amount reported in column 1.

Attachment H-3 “Detailed explanation of columns 1 and 2 of SS1 C” contains a detailed explanation on the abovementioned aspects related to columns 1 and 2. Attachment H-1 “Credit Risk Mitigation Techniques” contains the explanation on the recognized CRM techniques.

3. Risk Weight %

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

4. Risk-Weighted Assets (RWA)

the RWA amounts are derived by multiplying the reported amounts of columns 2 and 3.

2. Reporting instructions for RWA

The reporting instructions, the risk weights for deriving the RWA, and the issues subject to National Discretion⁷ are set out below.

⁶ Reporting institutions may only use CRM techniques recognized by the Bank to reduce their credit risk. Refer to attachment I-1.

⁷ Basel II provides that national supervisory authorities may apply different risk weights in certain cases, compared
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2.1. Account 11: Cash and Deposit Balances *Risk weight*
2.1.1 *Cash and due from Central Bank and ODCs*

Include: 0 %

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

2.1.2 *Gold bullion* *Risk weight*

Include: 0%

In row 20, the amount of gold bullion reported in item 1109 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 and the remaining amount of item 1109.

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 Curaçao and Sint Maarten Governments and the Central Bank *Risk weight*

Include: 0%

In row 60, subject claims (accounts 13, 14, and 15) held in the banking book, which are denominated in the Curaçao and Sint Maarten currency (NAf) and funded in that currency.

Basel II paragraph 53

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

to the general prescribed risk weightings, the so-called "National discretion". The Bank's decisions on these risk weightings are indicated throughout this section on risk-weighted assets and or in the footnotes. A summary of the National Discretion and the Bank's decision on this are contained in attachment C "National Discretion".

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 weighted⁸ as follows:

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

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 cases where the foreign governments/sovereigns only have country risk scores assigned by ECAs. The Bank 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”⁹. 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 Central Banks in their foreign domestic currencies

Include:

In the relevant rows 180 - 230, subject claims (accounts 13, 14, and 15), held in the banking book,

⁸ See paragraph 6.3.1.3 of chapter 6 for an explanation on the risk grades and risk weights.

⁹ 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.

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 Bank also permits¹⁰ reporting institutions to apply the same lower risk weight to subject claims. In such cases, the reporting institution should have obtained and documented relevant current information that the foreign authority exercises such national discretion.

Specific note:

The reason for the Bank also to permit reporting institutions to apply the same lower risk weight, as set out above, is based on the following rationale. 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 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	<i>Risk weight</i> 0 %
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Include:

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 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 Bank will continue to evaluate the MDBs eligibility on a case-by-case basis.

¹⁰ Based on National Discretion, refer to attachment C.

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 below (but without the use of the preferential treatment as set out in paragraph 2.11 below) 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 (noncommercial) government public sector entities (PSEs) *Risk weight 0%¹¹*

Include:

2.9.1 In Row 60, subject claims (accounts 13, 14, and 15), held in the banking book, related to noncommercial PSEs of the Curaçao and Sint Maarten government, and denominated and funded in the domestic currency (NAf.).

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 noncommercial PSEs of the Curaçao and Sint Maarten government in foreign currency. These claims are risk weighted according to the risk weighting for claims on banks¹² 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%

¹¹ Based on National Discretion, refer to attachment C.

¹² Based on National Discretion, refer to attachment C.

Risk grade	1	2	3	4	5	6
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Basel II paragraph 58

Include:

2.9.3 In the relevant rows 180 - 230, subject claims (accounts 13, 14, and 15) on certain foreign PSEs held in the banking book related to noncommercial PSEs, in the following case¹³. Where competent national foreign supervisory authorities exercise such national discretion as set out in the above 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 Bank allows supervised institutions to risk weight claims on such foreign PSEs in the same manner. In such cases, the reporting institution should have obtained and documented current 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 Bank chooses to apply option 2¹⁴ 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 maturity¹⁵ of 3 months or less

¹³ Based on National Discretion, refer to attachment C.

¹⁴ Based on National Discretion, refer to attachment C.

¹⁵ Claims with (contractual) original maturity under 3 months which are expected to be rolled over (i.e., where the Centrale Bank van Curaçao en Sint Maarten
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Include:

In the relevant rows 310 - 360, subject claims (accounts 13, 14, and 15) held in the banking book. Based on the Bank'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

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)¹⁶. Otherwise such claims would follow the rules for claims on corporate (ONCs) in the following paragraph 2.13.

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

Include:

In the relevant rows 370 - 410, subject claims (accounts 13, 14, and 15) held in the banking book.

effective maturity is longer than 3 months) do not qualify for this preferential treatment for capital adequacy purposes.

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 supervision with respect to any downstream affiliates.

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)¹⁷. Such claims will follow the same rules as claims on corporates (ONCs) in the following paragraph 2.14.

2.14 Claims on Corporate (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:

Credit assessment of corporate	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

Note:

Basel II paragraph 67

At its sole discretion and being part of its supervisory task, the Bank 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 cases, the Bank will inform the reporting institution(s) in writing on the risk weight to be applied.

Specific note:

1. The Bank in general will require the abovementioned higher risk weight if the Bank perceives the credit risk to be much higher than the risk of other similar claims on other (similar)

¹⁷ 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 supervision with respect to any downstream affiliates.

corporations.

2. The Bank may require¹⁸ a standard risk weight of 150% for unrated claims on ONCs if it judges that a higher risk weight is warranted by the overall default experience in Curaçao, Sint Maarten, or BES (include those claims in row 420).

Basel II paragraph 68

3. The Bank may permit¹⁹ a reporting institution upon the institution's prior written request to risk weight all corporate (PNCs and ONCs) claims at 100% without regard to external credit ratings. If the reporting institution obtains written approval²⁰ from the Bank to use the 100% risk weight, it should apply such consistently and not use external ratings. In such cases, the reporting institution should report all claims in both columns 1 and 2 in row 410 "with risk grade 6".

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, auto loans and leases, student and educational loans, and personal finance).

Exclude:

- b) claims in the retail portfolios that are past due for more than 90 days. These should be reported under paragraph 2.18 "Past due loans" of this section; and
- c) loans that qualify as residential mortgage loans (these should be reported in the following paragraph 2.16).

Basel II paragraphs 72, 78

2.16 Residential mortgage loans

Risk weight

Include:

In the relevant rows 440 and 450, the subject loans which are reported in

¹⁸ Based on National Discretion, refer to attachment C.

¹⁹ Based on National Discretion, refer to attachment C.

²⁰ To obtain approval, the reporting institution should demonstrate to the Bank that the capital requirement based on a 100 per cent 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.

Sub-report II part IID “*Mortgages meeting the qualification criteria*”, and whose:

- | | |
|---|-----|
| a) Loan-to-value (LTV) ratio ²¹ is between 50% up to and including 70%; or | 50% |
| b) LTV ratio is up to and including 50%. | 35% |

Note:

1. 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 Supervisory Regulation IV “*Regulation concerning General and Specific Provisions for Loan Losses of Credit Institutions*” (SR IV) and should be reported under paragraph 2.18 of this section “Past due loans”.

Basel II paragraph 73

2. The Bank 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 Curaçao, Sint Maarten, and BES. Therefore, the Bank reserves the right to require relevant information from reporting institutions and to require that the 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 | <i>Risk weight</i>
100% |
|------|---|----------------------------|

Include:

In row 460, the total amount of item 1403 less the total amount of sub-report II part IID “*Mortgages meeting the qualification criteria*” less past due mortgage loans. The resulting amount should represent:

- a) mortgages on commercial and public real estate; and
- 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-1 “*Residential mortgage loans (Qualification criteria)*”.

Basel II paragraph 75

- | | | |
|------|----------------|--------------------|
| 2.18 | Past due loans | <i>Risk weight</i> |
|------|----------------|--------------------|

Include:

1. In row 470, retail loans (net of specific provisions as prescribed in *125%*

²¹ Refer to attachment E-1 “*Residential mortgage loans (Qualification criteria)*” for details on the LTV ratio.

SR IV) that are past due 90 days or more (=>3 months) and for which the minimum specific provisions as indicated in SR IV have been set up.

2. In row 480, retail loans (net of specific provisions as prescribed in SR IV) that are past due more than 90 days, but for which the minimum specific provisions as indicated in SR IV have not been set up. 150%
3. In row 490, residential mortgages (net of specific provisions as prescribed in SR IV) that are classified as Substandard, Doubtful, or Loss as described in SR IV, and for which the minimum specific provisions indicated in SR IV have been set up. 75%
4. In row 500, residential mortgages (net of specific provisions as prescribed in SR IV) that are classified as Substandard, Doubtful, or Loss as described in SR IV, but for which the (minimum) specific provisions as indicated in SR IV have not been set up. 100%
5. In the relevant rows 510-540, all other past due loans not reported above under paragraphs 2.18.1, 2.18.2, 2.18.3, and 2.18.4 (net of specific provisions as prescribed in the Bank's SR IV):
 - a) and that are classified as Substandard as described in SR IV, and for which the minimum specific provisions as indicated in SR IV 125%
 - b) have been set up; and that are classified as Substandard as described in SR IV, but for 150%
for which the (minimum) specific provisions as indicated in SR IV have not been set up;
 - c) and that are classified as Doubtful or Loss as described in SR IV, and for which the minimum specific provisions as indicated in SR IV have been set up; 150%
 - d) and that are classified as Doubtful or Loss as described in SR IV, but for which the (minimum) specific provisions as indicated in SR IV have not been set up. 175%

Basel II paragraph 76

Note:

For the purpose of defining the secured portion of the past due retail and other loans, eligible collateral and guarantees will be the same as for credit risk mitigation purposes.

Basel II paragraph 79 and 80

2.19 Higher-risk categories

Higher-risk claims include claims on sovereigns, PSEs, ODCs (banks), and securities firms rated below B-; corporate 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 Bank may decide to require the application of a 150% or higher risk weight and will provide additional information as to the reporting in SS 1C.

Basel II paragraph 81

2.20 Noncurrent assets held for sale and discontinued operations and property, plant, and equipment *Risk weight*

Include: *100%*

1. In row 560, the total amount of accounts 16 and 17.

Basel II paragraph 81

2.21. Other assets *Risk weight*

Include:

1. In row 570, the total amount of account 19, excluding goodwill and other intangible assets with definite useful lives²² and gold bullion held by another party on an unallocated basis. *100%*
2. In row 580, gold bullion held on an unallocated basis by another party, though backed by gold liabilities unless the Bank requires in writing the risk weight that corresponds to the counterparty. *20%*

Basel II paragraph 81

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

Include:

²² 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 writedown for impairment. These assets are included in item 1901 020 "Other Intangible Assets".

1. For subheading a the relevant risk weight of column 3 (either 0%, 62.5%, 125%, or 1250%) applies.
2. For subheading b the relevant risk weight of column 3 (either 0%, 125%, 250%, or 1250%) applies.

Include in column 4:

- row 740 the RWA equivalent amount of the net due from in excess of SR II Limits of SS 12A “*Due From To Unconsolidated Affiliates*”
- row 750 the RWA equivalent amount of the credit extension in excess of the SR I Limit of SS 13A “*Credit Extension to Principal Shareholders, Supervisory Directors, Executive officers and Employees*”.
- row 760 the sum of all the above-reported RWA amounts, calculated as the sum of the RWA of rows 650 - 750.
- row 770 the total RWA for contingent liabilities of SS 1D “*Risk-Weighted Assets Standardized Credit Risk Contingent Liabilities*”.
- row 780 the total RWA for derivatives of SS 1E “*Risk-Weighted Assets Standardized Credit Risk Derivatives*”.
- row 790 the sum of the above reported RWA for on-balance sheet assets, contingent liabilities, and derivatives of rows 760 - 790. This total amount should also be captured in SS 1A “*Capital Adequacy*”.

6.6.4 EXAMPLE ON SS 1C

A worked example on SS 1C is contained in the worked example 4.2 on SS 1A in the CoA R&ED. An additional worked example on the additional risk-weighted assets for the net amount in excess of 15% of total capital, in SS 1C, is contained in the worked example 4.5.

6.7 SUPPORTING SCHEDULE 1D: STANDARDIZED CREDIT RISK CONTINGENT LIABILITIES

6.7.1 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. The mentioned RWA is also captured in SS 1C "Risk-Weighted Assets Standardized Credit Risk" in order to calculate the institution's total RWA.

The categories of exposures are set out in detail in the description of Class 8 "Contingent Liabilities" and the attachment F "*Categories of Off-balance sheet instruments and Credit Conversion Factors*".

6.7.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.7.3 INSTRUCTIONS

6.7.3.1 *General instructions*

1. The Risk-weighted amount

(Basel II paragraph 82)

The face amount (notional principal amount) of off-balance sheet instruments 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 F.

2. The 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, overdraft) are to be reported in account 8506 “Commitments that can be unconditionally cancelled 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.

6.7.3.2 Reporting instructions

1. Guidance on columns 1 to 7 (off-balance sheet exposure)

Include in the column

- | | |
|-----------------------------|---|
| 1. Outstanding Amount | the face value or gross amount of a given off-balance sheet transaction and not the fair value. Absolute values amount should be reported. |
| 2. Credit Conversion Factor | a credit conversion factor (CCF), being the percentage value used to convert an off-balance sheet exposure into an on-balance sheet equivalent amount, i.e., the factor credit equivalent amount (CEA). CCFs are predefined in the schedules ²³ and correspond to the CCFs detailed in attachment G. |
| 3. Credit Equivalent Amount | 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 nonmarket-related off-balance sheet transactions.

²³ Based on Basel II framework.

- | | |
|------------------|--|
| 4. CRM Amount | the applicable Credit Risk Mitigation (CRM) technique. In case a transaction is secured by eligible collateral or there is an eligible guarantee in place the reporting institution may use the CRM-techniques, set out in attachments H-1 “ <i>Credit Risk Mitigation Techniques</i> ” and H-2 “ <i>Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation</i> ” to reduce the capital requirement of that exposure. |
| 5. CEA After CRM | the CEA after applying CRM-techniques, being the deduction of column 4 from column 3. Applying |
| 6. Risk Weight % | the risk weight appropriate to the counterparty, or the guarantor or collateral if appropriate. |
| 7. Total RWA | the risk-weighted asset calculated by multiplying the CEA by the risk weight. Refer to the risk weights for on-balance sheet assets as outlined in the instructions of SS 1C “ <i>Risk-weighted assets standardized Credit Risk</i> ”. |

Include in the row:

- | | |
|---|--|
| 3020. Total Risk-Weighted Assets Contingent Liabilities | the derived total RWA, calculated as the sum of the RWA for all the transaction types in SS 1D. This total should also be captured in SS 1C row 770 “Total Risk-Weighted Assets Contingent Liabilities”. |
|---|--|

6.7.4 EXAMPLE ON SS 1D

A worked example on SS 1D is contained in the worked example 4.2 on SS 1A in the CoA R&ED.

6.8 SUPPORTING SCHEDULES 1E: STANDARDIZED CREDIT RISK DERIVATIVES CONTRACTS

6.8.1 OBJECTIVE

1. SS 1E provides an overview of the risk-weighted assets (RWA) relating to the credit risk of the reporting institution's derivatives contracts under the standardized approach. The mentioned RWA is also captured in SS 1C "*Risk-Weighted Assets Standardized Credit Risk*" to calculate the institution's total RWA.

The categories of derivatives are set out in detail in account 2300 "Derivatives Financial Liabilities" and the attachment G "*Derivatives Contracts*".

6.8.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.8.3 INSTRUCTIONS

6.8.3.1 General instructions

Calculation of counterparty credit risks on derivatives contracts, applies equally to derivatives positions under IAS/IFRS.

1. The Risk-weighted amount

Risk weight for the derivatives types as set out in the paragraph below is determined by a two-step process. **First**, the "Credit Equivalent Amount" (CEA) of the derivatives 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 have a negative mark-to-market value) by the appropriate credit conversion factor from the chart presented in Table 2.8.I "Current exposure method market-related credit conversion factors" in attachment G. **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

These 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

These 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):

They comprise:

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

4. Exemption from capital weighting is permitted for:

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

6.8.3.2 Reporting instructions

1. Guidance on columns 1 to 7 (derivatives contracts)

Include in column:

1. Notional principal 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. Credit Conversion Factor a credit conversion factor (CCF) being the percentage value used to convert an off-balance sheet exposure into an on-balance sheet equivalent, i.e., the credit equivalent amount (CEA). CCFs are predefined in the schedules²⁴ 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 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. Credit Equivalent Amount the CEA is a derived field in the supporting schedule; it is 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 (CEA) exposures, each potentially attracting different CCFs. The reporting

²⁴ Based on Basel II framework.

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. CRM Amount the applicable Credit Risk Mitigation (CRM) technique. In case a transaction is secured by eligible collateral or there is an eligible guarantee in place, the reporting institution may use the CRM techniques set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*” to reduce the capital requirement of that exposure.
7. CEA after applying CRM the CEA after applying CRM techniques, being the deduction of column 4 from column 3.
8. Risk Weight the risk weight appropriate to the counterparty, or the guarantor or collateral if appropriate.
9. Total Risk-Weighted Assets the RWA amount of the off-balance sheet transaction that gives rise to credit exposure, calculated by multiplying the CEA of a transaction by the risk weight (refer to the risk weights for on-balance sheet assets as outlined in the instructions of SS 1C “*Risk-weighted assets standardized Credit Risk*”).

Include in the 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 also be captured in SS 1C row 780 “Total Risk-Weighted Assets Derivatives.”

6.8.4 EXAMPLE ON SS 1E

A worked example on SS 1E is contained in the worked example 4.2 on SS 1A in the CoA R&ED.

6.9 SUPPORTING SCHEDULE 1F-1: RISK-WEIGHTED ASSETS BASIC INDICATOR APPROACH - OPERATIONAL RISK (BIA)

6.9.1 OBJECTIVE

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

6.9.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.9.3 INSTRUCTIONS

6.9.3.1 *General instructions*

1. To complete this SS 1F-1, the attachment I-1 "*Operational Risk*" also should be read.
2. Until further notice by the Bank, reporting institutions should report their operational risk using only the BIA.

6.9.3.2 *Reporting instructions*

Include in:

- | | | |
|------------|------------|---|
| rows 10-80 | column 1-3 | the components that make up annual gross income (GI) of the previous three (3) years (not including the reporting year). Both positive and negative income should be included. |
| row 120 | column 4 | the total "weighted income" of the previous three years. It is calculated as the sum of the derived "weighted incomes" of row 110. However, include only the positive "weighted incomes". |
| row 130 | column 4 | the number of years that the annual GI was positive (> 0) in the previous three years. |

Rows 90, 110, 140, and 150 are derived data:

- a) row 90 columns 1-3 contain the annual GI for each of the previous three years. Column 4 contains the sum of the annual GI of the previous three years;
- a) row 110 columns 1-3 contain the "weighted income" for each of the previous three years. It is derived by multiplying the annual GI by alpha (15%);
- b) row 140 column 4 contains the capital charge for operational risk under the BIA. It is

- derived by dividing the total “weighted income” of row 120 column 4 by the number of years with positive GIs (row 130 column 4); and
- c) row 150 column 4 contains the risk-weighted assets equivalent amount. It is derived by multiplying the capital charge of row 140 by 12.5. The amount should also be captured in SS 1A.

Note:

The alpha (α) of 15% in row 100 is the fixed percentage, as set by the Basel Committee, to calculate the capital charge for operational risk under the BIA.

6.9.4 EXAMPLE ON SS 1F-1

A worked example 4.3 on the BIA is included in the CoA R&ED.

6.10 SUPPORTING SCHEDULE 1F-2: RISK-WEIGHTED ASSETS STANDARDIZED APPROACH - OPERATIONAL RISK (SA)

6.10.1 OBJECTIVE

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

6.10.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.10.3 INSTRUCTIONS

6.10.3.1 *General instructions*

1. To complete this SS 1F-2, the attachments I-1 "*Operational risk*", I-2 "*Mapping of Business Lines*", and I-3 "*Guidelines for Business Line Mapping for the Standardized and Alternative Standardized Approach*" should also be read.
2. Until further notice by the Bank, reporting institutions should report their operational risk using only the Basic Indicator Approach.

6.10.3.2 *Reporting instructions*

Include in:

rows 10-80 the annual gross income (GI) as defined in the BIA, for each of
columns 1-3 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 the "weighted income" of each business line in the previous three years.

columns 6-8 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 90 the total "weighted income" of each of the previous three years. It is
columns 6-8 calculated as the sum of the "weighted income" of the business lines in each of the years.

row 100 the number of years that the total “weighted income” was positive (> column 8) in the previous three years.

Rows 110 and 120 are derived data:

- a) 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 columns 6, 7, and 8) by the number of years with positive GI (row 100 column 8); and
- b) row 120 column 8 contains the risk-weighted assets equivalent amount. It is derived by multiplying the capital charge of row 110 by 12.5. The amount should also be captured in SS 1A.

6.10.3.3 Other

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

6.11 SUPPORTING SCHEDULE 1F-3: RISK-WEIGHTED ASSETS ALTERNATIVE STANDARDIZED APPROACH - OPERATIONAL RISK (ASA)

6.11.1 OBJECTIVE

1. 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 is used to calculate the reporting institution's CAR in SS 1A "*Capital Adequacy Ratio (CAR)*".

6.11.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.11.3 INSTRUCTIONS

6.11.3.1 General instructions

1. 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 for the Standardized and Alternative Standardized Approach*" should also be read.
2. Until further notice by the Bank, reporting institutions should report their operational risk using only the Basic Indicator Approach.

6.11.3.2 Reporting instructions

Include in:

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

the number of years that total "weighted income" of the six business

column 8 lines was positive (> 0) in the previous three years.

Include in:

rows 80 - 90 the total loans and advances (drawn amounts that are non-risk
columns 1 – 3 weighted, and gross of provisions and the application of compensations
as set out in attachments I-1 and I-2) of each of the two business lines of
the previous three (3) years.

rows 80 - 90 the “weighted income” of each business line in the previous three
columns 6 – 8 years. It is calculated by multiplying the aforementioned total loans
and advances by the beta factor of column 4 and the “m”
factor of column 5 for each business line.

row 100 the total “weighted income” of each of the previous three years. It is
columns 6 – 8 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 row 70, columns 6, 7, and 8 and row 100 columns 6, 7, and 8 by the number of years with positive GI (row 110 column 8); and
- b) row 130 column 8 contains the risk-weighted assets equivalent amount. It is derived by multiplying the capital charge of row 120 by 12.5. The amount should also be captured in SS 1A.

6.11.3.3 *Other*

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

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

6.12 SUPPORTING SCHEDULES ON MARKET RISK

6.12.1 OBJECTIVE

1. 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 all foreign exchange and commodities risks) under the standardized measurement method²⁵ ("standard method"). The information serves for calculating the institution's capital adequacy ratio in SS 1A "*Capital Adequacy Ratio (CAR)*". Market risk is set out in detail in attachment J "*Market Risk Measurement Framework*".

6.12.2 LEVEL OF REPORTING

1. Each reporting institution should file the CoA reports on market risk in accordance with the "level(s) of reporting" applicable to the institution.

6.12.3 INSTRUCTIONS

6.12.3.1 General instructions

1. The abovementioned exposures should be converted into local currency at the spot rate on the reporting date, and reported on the schedules.
2. All amounts should be reported after applying the rules of compensation as set out in attachments H-1 "Credit Risk Mitigation Techniques" and H-2 "Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation".
3. For market risk the following de minimis rule applies:
 - 3.1. If the total capital charge for market risk is equal to or less than 1% of the reporting institution's Class 1 Total Assets and less than NAf.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 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 abovementioned limit; or

²⁵ Basel II offers a choice between two broad methodologies to measure a financial institution's market risk, subject to the approval of the national authorities. The methodologies are "the Standardized measurement method" and "the Internal models approach".

- 3.2. 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 in point 3.1", then only SS 1G should be submitted to the Bank. The calculated "total risk-weighted assets equivalent amount for market risk" in SS 1G should be captured in SS 1A when calculating the CAR. In addition, the institution should complete row 180 "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
- 3.3. If the reporting institution has three or less 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 180 "Compliance with de minimis rule" in SS 1G by entering the number 33 in column 3 of SS 1G, to indicate compliance with the abovementioned limit. In all the 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 Bank with the calculations upon the Bank's request.
4. Instructions per market risk SS
- The following sections contain any other general instructions and the reporting instructions for each market risk SS. To complete these SSs, the attachment J also should be read.

6.12.4 SUPPORTING SCHEDULE 1G: MARKET RISK STANDARD METHOD SUMMARY

6.12.4.1 General instructions

All capital charges contained in this SS 1G are calculated in and derived from the other market risk SSs explained further in this section 6.12.4 and the respective market risk SSs. The total risk-

weighted asset equivalent amount calculated in this schedule should be captured in SS 1A “*Capital Adequacy Ratio (CAR)*” to determine the aggregate risk-weighted assets.

6.12.4.2 Reporting instructions

The following data should be reported or are 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 12.5 (the reciprocal of the 8% minimum capital requirement). The amount also should be captured in SS 1A.

The following data relate to the applicability and determining of the de minimis rule set out in paragraph 6.12.3.

Include in the row:

180. Compliance
With De
Minimis rule the number 31, if the reporting institution complies with the de minimis rule 3.1 set out in paragraph 6.12.3.
190. Compliance
With De
Minimis rule the number 32, if the reporting institution complies with the de minimis rule 3.2 set out in paragraph 6.12.3.
200. Compliance
With De
Minimis rule the number 33, if the reporting institution complies with the de minimis rule 3.3 set out in paragraph 6.12.3.
210. Minimum
required the minimum required capital amount of the previous reporting month. This is calculated as the sum of the total risk-weighted assets for credit,

Capital operational, and market risk of the previous reporting month multiplied
previous by the minimum required capital adequacy ratio CAR of 8%.
reporting period

6.12.5 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)

6.12.5.1 *General instructions*

1. **Positions to report**

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 4 “The Standardized measurement method” 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
- 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 Options Risk Simplified Approach*”.

2. **Capital requirement**

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 SS1L.

The calculations of the risk and capital requirements with respect to the specific risk should be performed according to the method set out in section 4 of 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 section 4 of 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 institution's business is insignificant. (See section 4 of attachment J, which is based on Basel II paragraph 718 ii.)

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

6.12.6.1 Reporting instructions

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 the 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 section 4 of attachment J “*Market Risk Measurement Framework*”, 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 section 4 “The Standardized measurement method” of attachment J based on Basel II paragraphs 710 to 712(i) and set out in Table 2.15.I of attachment J. 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 data²⁶.

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 2.15.I 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 %*”.

²⁶ The derived data is either predetermined or automatically calculated based on other data in the schedule.

Include in the Row:

140. Total interest rate – specific-capital charge the sum of all capital charges for each issuer category of column 5 “*Capital charge*”. This charge also should be captured in column 1 of SS 1G “*Market Risk Standard Method Summary*”.

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

6.12.7.1 *Specific instructions*

Currency select and complete a separate SS 1H-2 for each currency in which business is **not** insignificant and indicate the currency thereof. For each currency in which business is insignificant, the positions may be reported together in the single predetermined SS 1H-2 “OTHER”. See the description of insignificant in section 4 A.2 of attachment J “*Market Risk Measurement Framework*”.

6.12.7.2 *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 institution’s business is insignificant, the institution may report all those currencies in one SS 1H-2 and indicate they are ‘Insignificant’ .

Include in the row:

- | | |
|-------------------------------|---|
| 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 corresponds to each time band set out in Table 2.15.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 “ <i>Total Long</i> ” by the percentage in row 30 “ <i>Risk weight %</i> ”. |
| 50. Weighted Short | the risk-weighted short position of each time band. It is automatically calculated by multiplying the amounts of row 20 “ <i>Total Short</i> ” by the percentage in row 30 “ <i>Risk weight %</i> ”. |
| 60. Matched Weighted Position | the matched weighted position in the time band. It is automatically calculated as the smaller absolute value of rows 40 “ <i>Weighted Long</i> ” and 50 “ <i>Weighted Short</i> ” positions in the time band. If the weighted long and weighted short position 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 the 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. It 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. The percentage is already included.
90. Capital Charge I the vertical disallowance for each time band. It 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 positions are equal, the 10% is charged on either the absolute long or short offset position (see the instructions for row 60).
100. Residual Matched the matched weighted positions within the zones 1, 2, and 3 (in fields 100D, 100G and 100O), respectively. They are automatically calculated. For example, for 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. Residual Unmatched the unmatched weighted positions within the zones 1, 2, and 3 (in fields 110D, 110G and 110O), respectively. They are automatically calculated as the positions that remain unmatched in the offsetting process explained above for row 100 “*Residual Matched*”.
120. Capital the predetermined horizontal disallowance factors to apply to the

Required II	matched position within zones 1, 2, and 3 (in fields 120D, 120G, and 120O), respectively.
130. Capital Charge II	the horizontal disallowances within zones 1, 2, and 3 (in fields 130D, 130G, and 130O), respectively. They are automatically calculated as the amounts of fields 100 D, 100G, and 100O “ <i>Residual Matched</i> ” multiplied by the percentages in fields 120D, 120G, and 120O “ <i>Capital Required IP</i> ”, respectively.
140. Resid. Matched	the matched weighted positions between zones 1 and 2 and zones 2 and 3 (in fields 140G and 140O), respectively. They are automatically calculated by comparing the residual unmatched position in zones 1 and 2 (the fields 110D and 110G “ <i>Residual Unmatched</i> ”) and zones 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 (in fields 150G and 150O), respectively. They are automatically calculated as the positions that remain unmatched in the offsetting process explained above for row 140 “ <i>Residual Matched</i> ”.
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 (in fields 160G and 160O), respectively.
170. Capital Charge III	the horizontal disallowances between zones 1 and 2 and zones 2 and 3 (in fields 170G and 170O), respectively. They are automatically calculated as the amounts of fields 140G and 140O “ <i>Residual Matched</i> ” multiplied by the percentages in fields 160G and 160O “ <i>Capital Required III</i> ”, respectively.
180. Resid. Matched	the matched weighted position between zones 1 and 3 (in field 180O). It is automatically calculated by comparing the residual unmatched position in zone 1 (field 150 G) with zone 3 (field 150 O) 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. Residual Unmatched the unmatched weighted position between zones 1 and 3 (in field 190O). It is automatically calculated as the position that remains unmatched in the offsetting process explained above for row 180 “*Residual Matched*”.
200. Capital Required IV the predetermined horizontal disallowance factor to apply between zones 1 and 3 (in field 200O).
210. Capital Charge IV the horizontal disallowance between zones 1 and 3 (in field 210O). It is automatically calculated as the amount of field 180O “*Residual Matched*” multiplied by the percentage in field 200O “*Capital Required IV*”.
- 90, 130, 170, and 210 Capital Charges (I - IV) in column P (fields 90P, 130P, 170P, and 210P), the sum of the capital charges calculated above and related to each type of disallowance, (being the vertical disallowance capital charge I, and the horizontal disallowance capital charges II, III, and IV. Each total is automatically calculated and is also 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 is also captured 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. This charge should also be captured in SS 1H-3.

6.12.7.3 EXAMPLE SS 1H-2

The worked example 4.4 on calculating and reporting general market risk is included in the CoA R&ED.

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

6.12.8.1 *Specific instructions*

Automatic Completion SS1H3 is automatically completed.
The reporting instructions describe only the automatic completion process.

6.12.8.2 *Reporting instructions*

Include in the columns:

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*”, including 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.

G. Total per currency the total capital charges I -V for each reported currency.

Include in the row:

90. Total Interest Rate Risk General Market Risk Capital charge the sum of the total capital charges of column G. This charge is also captured in SS 1G “*Market Risk Standard Method Summary*”.

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

6.12.9.1 *General instructions*

1. Positions to report

The reporting institution should report all of its long and short equity positions in the trading book, including all instruments that exhibit market behavior similar to equities (set out in section 4 “The Standardized measurement method” of attachment J “*Market Risk Measurement Framework*”) in:

- a) SS 1I-1 “*Market Risk Standard Method Equity Position Risk (per national market - country)*”; and
- 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 1G “*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 sections 4 of attachment J (Basel II paragraphs 718[xxi] to 718 [xxiv]).

6.12.10 SUPPORTING SCHEDULE 1I-1 MARKET RISK STANDARD METHOD EQUITY POSITION RISK PER NATIONAL MARKET- COUNTRY

6.12.10.1 *Specific instructions*

Automatic completion SS 1I-2 The included national market and automatically calculated capital charges in each completed SS 1I-1 are automatically captured in SS 1I-2 “*Market Risk Standard Method Equity Position Risk (Summary)*”.

6.12.10.2 *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.

Include in the column:

- 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 subject to capital charge the sum of the absolute value of the total gross long and the total gross short equity positions of columns B and C. specific risk. The sum is calculated automatically.
- E. Net open position subject to general risk capital charge the difference between the total gross long and gross short equity positions reported of row 130 columns B and C. The difference is calculated automatically.

Include in the row:

140. Total equity position risk Specific risk the capital charge for specific risk, calculated as 8% of the total amount of row 130 column D. The charge is automatically calculated and captured in SS 1I-2.

capital charge

150. Total equity position risk General market risk capital charge
- the capital charge for general market risk, calculated as 8% of the total amount of row 130 column E. The charge is automatically calculated and captured in SS 1I-2.

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

6.12.11.1 *Specific instructions*

Automatic completion SS 1I-2 is automatically completed. The reporting instructions describes only the automatic completion process.

6.12.11.2 *Reporting instructions*

Include in the column:

- A. National market (country) the national market (country) reported on each submitted SS 1I-1 “*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 completed SS 1I-1.
- C. Total general market risk capital charge the total general market risk capital charge reported on each completed SS 1I-1.

Include in the row:

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

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

6.12.12.1 *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

Specific 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 of 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 8% of the higher of either the absolute value of the net short currency position or net long currency position plus the net position in gold.

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

6.12.12.2 *Reporting instructions*

Include in the column:

- | | |
|-------------------------|--|
| A. Net spot position | all assets less all liabilities from 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/expenses 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. NAf. equivalent of net long position the net long position reported in column F, converted at spot rates into NAf.
- I. NAf equivalent of net short position the net short position reported in column G, converted at spot rates into NAf.

Include in the row:

130. Total: Net long/net short position in columns H and I, the derived total NAf. equivalent of the nominal amount of the net long and net short position, calculated as the sum of rows 10 -120 of columns H and I.
140. Deduct: Net open position in USD in columns F or 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 NAf.
150. Deduct: Net in columns F or G, the net long or short position if any, in AFL

open position in AFL	which were reported in row 70, columns F and G; and in columns H and I, the abovementioned net long or short position in AFL, converted at spot rates into NAf.
160. Sum of net currency position after deductions	in columns H and I, the derived NAf. equivalent net position, calculated as the reported positions in row 130 less the reported positions in rows 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 NAf.
180. Overall net position	the derived overall net position, calculated as the highest of the absolute values of the reported NAf. equivalent net long or net short positions in row 160, plus the reported NAf. equivalent net open position in gold (row 170 column I).
190. Capital requirement	the derived capital requirement/charge for foreign exchange risk, calculated as 8% of row 170. The charge should be captured in SS 1G “ <i>Market Risk Standard Method Summary</i> ”.

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

6.12.13.1 *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, as a general rule, may not 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.

6.12.13.2 *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 NAF.
- C. Gross Short the total short position in each commodity converted at current spot rates into NAF.
- 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 capital²⁷ charge 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 should be captured in SS 1G “*Market Risk Standard Method Summary*”.

²⁷ 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.

6.12.14 SUPPORTING SCHEDULE 11: MARKET RISK STANDARD METHOD OPTIONS RISK - SIMPLIFIED APPROACH

6.12.14.1 *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 Table 2.15.IV of 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 of the abovementioned positions are not subject to the standard methodology set out in section 4 “The Standardized measurement method” of attachment J (based on Basel II paragraphs 718 [vii]), but subject to separately calculated capital charges that incorporate both general market risk and specific risk.

The capital requirements calculated in this section also should be reported and added to the capital requirements for interest rate-related instruments, equities, foreign exchange, and commodities risk, as set out in section 4 of attachment J.

6.12.14.2 *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.

In Part I

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 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.

In 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.

In 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*".

6.13 SUPPORTING SCHEDULE 11A LARGE EXPOSURES

6.13.1 OBJECTIVE

1. SS 11A provides an overview of all large exposures of the reporting institution, based on Supervisory Regulation III “*Large Exposure Regulation*” (SR III). The information serves for monitoring concentration risk and for calculating any amount in excess of the limits mentioned in SR III and any subsequent additional risk-weighted assets in SS 1C “*Risk-Weighted Assets Standardized Credit Risk*” with regard to the mentioned excess.

Specific note:

SS 11A does not apply to the reporting institution described in SR III, paragraph III.4.2. Such institution should complete and file SS 11B as set out in the next chapter, section 6.14 of this manual.

6.13.2 LEVEL OF REPORTING

1. Except for the reporting institution mentioned in the above specific note, each other reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.13.3 INSTRUCTIONS

6.13.3.1 General instructions

1. In order to complete SS 11A, SR III should also be read.
2. The applicable specifics on interconnectedness mentioned in chapter 8, Definitions, with regard to the group of connected counterparties for SS 11A, are set out in SR III, paragraph III.3.7.b.

6.13.3.2 Reporting instructions

Each reporting institution should calculate the amount that represents 15%, 25%, and 600% of its total capital as defined in SR III and report these amounts in SS 11A.

Include in the column:

1. Item the CoA item that corresponds to each exposure.
2. Code a unique number that identifies the counterparty or group of connected counterparties. Counterparties belonging to the same group of connected counterparties should be identified by the same unique number.

3. Name the name of the counterparty or each counterparty belonging to the same group of connected counterparties.
4. Exposure the contracted exposures to a counterparty or a group of connected counterparties which on its own or together qualifies as a large exposure. In case of a composite exposure, its aggregate amount also should be reported.
The contracted exposure is the exposure amount before deducting any specific provisions, any allowance for impairment, and any exemptions for large exposures as set out in SR III, paragraph III.7, and applying the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”).
5. CBCS approval either the number “1” or number “2” to indicate whether the Bank has granted (1) or not granted (2) the reporting institution prior written approval that the (aggregate of the) large exposure to a counterparty or group of connected counterparties may exceed 25% of the reporting institution’s total capital as set out in SR III, paragraph III.6.1, in case of such excess. If there is no excess, the number “3” should be entered.
1/2/3
6. Gross Amount the gross on-balance sheet amount of each exposure. It is the on-balance sheet amount before deducting any specific provisions, any allowance for impairment, and any exemptions for large exposures as set out in SR III, paragraph III. 7 and applying the rules of compensation as set out in attachments H-1 and H-2.
7. Specific Provisions any specific provision set up by the reporting institution for the exposure.
8. Allowance for Impairment any allowance set up by the reporting institution for the exposure.
- 9.–13. Exemptions of SR III any of the following exempted exposures as outlined in SR III, paragraph III.7:
a) to the local Government, the governments of Aruba and BES;
b) to the public authorities of certain countries with the distinct prior

written approval of the Bank;

- c) exposures secured by an explicit and irrevocable guarantee or pledge of one of the authorities mentioned above;
- d) exposures fully secured by cash deposit²⁸ (whether or not compensated) or by securities listed on a Stock Exchange acknowledged by the Government as set out in the National Decree Recognized Stock Exchanges (N.G. 1991, no. 6), provided that the exposure is up to 70% of the average market value of the securities in the last 12 months ; and or
- e) interbank exposures with a remaining maturity of 6 months or less.

14. Compensation any amount that qualifies for applying the rules for compensation set out in attachments H-1 and H-2.

15. Net amount the net amount of the on-balance sheet exposures to each counterparty or group of connected counterparties, calculated as the gross amount in column 6 less the amounts reported in columns 7 through 14.

16. Excess amount any amount by which the aggregate net amounts to a counterparty or group of connected counterparties exceeds 15% of the reporting institution's total capital. This excess amount should be captured and will be subject to an additional risk weight requirement in SS 1C.

Include in the row:

Total Exposures, column 4 the aggregate contracted exposures reported in column 4.

Less Exemptions of SR III, column 4 the aggregate exempted exposures reported in columns 9 through 13.

Total Net Large Exposures the sum of the "Total exposures" less the "Exemptions of SR III".

²⁸ These include cash deposits maintained at other banking institutions not being subsidiaries of the reporting institution.

column 4

Total Net Large Exposures, column 5

either the number “1” or number “2” to indicate whether the Bank has granted (1) or not granted (2) the reporting institution prior written approval that the net large exposures may exceed 600% of the reporting institution’s total capital as set out in SR III, paragraph III.6.1, in case of such excess. If there is no excess, the number “3” should be entered.

Maintain a blank row between all the abovementioned data of each counterparty or group of connected counterparties.

6.13.4 DEFINITIONS

The definitions in SR III apply for SS 11A.

6.13.5 EXAMPLE ON SS 11A

The worked example 4.5 on calculating and reporting large exposures and the additional RWAs is included in the CoA R&ED.

6.14 SUPPORTING SCHEDULE 11B LARGEST EXPOSURES

6.14.1 OBJECTIVE

1. SS 11B provides an overview of the largest exposures to counterparties or groups of connected counterparties of the reporting institution described in SR III, paragraph III.4.2. The data serve for monitoring the presence of any concentration risk to counterparties, including groups of connected counterparties.

6.14.2 LEVEL OF REPORTING

1. Each abovementioned reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.14.3 INSTRUCTIONS

6.14.3.1 General instructions

1. The reporting institution should report the data of its 25 largest exposures to counterparties, including groups of connected counterparties as set out below. The Bank may require the institution to report a larger number of exposures.
2. The definitions of “Concentration risk”, “counterparty”, “exposure”, and “group of connected counterparties” used in SR III also are used for SS 11B.
3. The applicable specifics on interconnectedness mentioned in chapter 8, Definitions, with regard to groups of connected counterparties for SS 11B are set out in SR III, paragraph III.3.7.b.
4. No additional risk-weighted assets are calculated based on SS 11B.

6.14.3.2 Reporting instructions

Include in the column:

1. Item the CoA item that corresponds to each exposure.
2. Code a unique number that identifies the counterparty or group of connected counterparties. Counterparties belonging to the same group of connected counterparties should be identified by the same unique number.
3. Name the name of the counterparty or each counterparty belonging to the same group of connected counterparties.
4. Exposure the contracted exposure to a counterparty or a group of connected counterparties which on its own or together qualifies to be reported in SS

11B. In case of composite exposures, their aggregate amount should also be reported.

The contracted exposure is the exposure amount before deducting any specific provisions, any allowance for impairment, and any specific exposures reported in columns 9 through 13, and applying the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”.

- | | |
|-----------------------------|--|
| 5. N.A. | no information (column left unused intentionally). |
| 6. Gross Amount | the gross on-balance sheet amount of each of the larger exposures. It is the on-balance sheet amount before deducting any specific provisions, any allowance for impairment, and any specific exposures, and applying the rules of compensation as set out in attachments H-1 and H-2. |
| 7. Specific Provisions | any specific provision set up by the reporting institution for the exposure. |
| 8. Allowance for Impairment | any allowance set up by the reporting institution for the exposure. |
| 9.-13. Specific Exposures | any of the following exposures: <ul style="list-style-type: none">a) to the local Government, the governments of Aruba and BES;b) to the public authorities of certain countries with the distinct prior written approval of the Bank;c) exposures secured by an explicit and irrevocable guarantee or pledge of one of the authorities mentioned above;d) exposures fully secured by cash deposits²⁹ (whether or not compensated) or by securities listed on a Stock Exchange acknowledged by the Government as set out in the National Decree Recognized Stock Exchanges (N.G. 1991, no. 6), provided that the |

²⁹ These include cash deposits maintained at other banking institutions, not being subsidiaries of the reporting institution.

exposure is up to 70% of the average market value of the securities in the last 12 months ; and

e) interbank exposures with a remaining maturity of 6 months or less.

14. Compensation any amount that qualifies for applying the rules for compensation set out in attachments H-1 and H-2.

15. Net amount the net amount of the on-balance sheet exposures to each counterparty or group of connected counterparties, calculated as the gross amount in column 6 less the amounts reported in columns 7, 8, and 14.

Include in the row:

Total (Exposures), column 4 the total amount of each of the “Total exposures” in column 4.
column 4

Maintain a blank row between all the abovementioned data of each counterparty or group of connected counterparties.

6.14.4 DEFINITIONS

The definitions of “concentration risk”, “counterparty”, “exposure”, and “group of connected counterparties” used in SR III are also used for SS 11B.

6.15 SUPPORTING SCHEDULE 12A: DUE FROM/TO UNCONSOLIDATED AFFILIATES

6.15.1 OBJECTIVE

1. SS 12A provides an overview of all the reporting institution's balances due from unconsolidated affiliates, based on Supervisory Regulation II "*Restrictions on Transactions with Affiliates*" (SR II). The information serves for monitoring the risk of contagion and for calculating any net due from unconsolidated affiliates' amount in excess of the limits mentioned in SR II and any risk-weighted asset (RWA) equivalent amount for SS 1C "*Risk-Weighted Assets Standardized Credit Risk*" with regard to the mentioned excess.

Specific note:

SS 12A does not apply to the reporting institution described in SR II, paragraph II.4.2. Such institution should complete and file SS 12B, as set out in chapter 6.16 of this manual.

6.15.2 LEVEL OF REPORTING

1. Except for the reporting institution mentioned in the above specific note, each other reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.15.3 INSTRUCTIONS

6.15.3.1 *General instructions*

1. In order to complete SS 12A, SR II also should be read.
2. (Significant) investments are deducted from tier 1 and tier 2 capital as described in paragraphs 2.1.3 and 2.2.3 of the instructions of SS 1B "*Capital*". Therefore, these investments should not be included in SS 12A. However, the instructions on this guideline apply to the other balances due from and due to the entities in which the credit institution maintains (significant) investments.
3. The balances due from and due to unconsolidated affiliates should be reported after deduction of any specific provisions, any allowance for impairment, and applying the rules of compensation as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*".

6.15.3.2 *Reporting Instructions*

Each reporting institution should report in SS 12A its total capital as defined in SR II.

Include in the column:

- A. Name the name of each unconsolidated affiliate whose balances

are reported in SS 12A.

B. Item the balance sheet item that corresponds to the unconsolidated affiliate balance.

C. Banks all balances resulting from the ordinary course of correspondent business that are due from unconsolidated affiliate banks and that comply with at least two of the criteria (“a”, “b”, and “c”) set out in SR II, paragraph II.5.2.2. The aggregate of these balances should be reported in row 400 “*Total due from/to*”, column C. On aggregate these balances may not exceed 40% of the total capital, which should be reported in row 410 “*SR II Limit*” column C. Any amount by which the abovementioned aggregate exceeds this limit (40%) should be reported in row 420 “*Total Net Due From in Excess of SR II Limit*” column C.

Specific note:

Even though not incorporated in the instructions of and in SS 12A, the limit of 20% on the outstanding balance due from each individual unconsolidated affiliate banks as set out in SR II, paragraph II.5.2.2 applies. Reporting institutions should always comply with the mentioned limitation.

D. Others all other balances resulting from covered transactions that are due from unconsolidated affiliates and that do not meet the criteria set out in SR II, paragraph II.5.2.2. The aggregate of these balances should be reported in row 400 “*Total due from/to*” column D. On aggregate these balances may not exceed 20% of the total capital, which should be reported in row 410 “*SR II Limit*” column D. Any amount by which the abovementioned aggregate exceeds this limit (20%) should be reported in row 420 “*Total net Due From in Excess of SR II Limit*” column D.

Specific note:

Even though not incorporated in the instructions of and in SS 12A, the limit of 10% applies on the outstanding balance due from each individual unconsolidated affiliate bank, as set out in SR II, paragraph II.5.2.1. Reporting institutions should always comply with the mentioned limitation.

E. Total due from in excess of SR II Limits the sum of the amounts “Due from in excess of SR II limit” reported in row 420 columns C and D. The sum is automatically calculated.

F. Due to allowed all amounts due to unconsolidated affiliate banks that meet the conditions set out below. These amounts will be allowed in the deduction process set out in the instructions for column G.

Conditions to meet with regard to the abovementioned amounts:

- a) the reporting institution has received a cross guarantee in its favor from group companies which are unconsolidated affiliate banks; and
- b) the cross guarantee should allow the reporting institution at any time to “net” or deduct the due to amounts with or from any due from unconsolidated affiliate exposure and be legally enforceable.

Note: In the absence of a cross guarantee, no amounts should be reported in column F, and no amounts can be deducted as set out below.

G. Total Net Due from in excess of SR II limits, row 430 the sum of the “Total due from in excess of SR II limits” (column E) less the total “Due to allowed” amount (column F), up to the total excess amount of column E.

Note: Deduction is allowed for a period up to 3 calendar years following the introduction of the CoA Manual.

Include in the row:

410. SR II Limit the limit of 40%, calculated as 40% of the total capital, and the limit of columns C and D 20%, calculated as 20% of total capital, respectively.

420. Due from in excess of SR II limit columns C and D the amount in excess of the total due from unconsolidated affiliates. It is calculated as the total amount of row 400 columns C and D, less the total amount of row 410 columns C and D, respectively.

440. Risk-Weighted equivalent of Assets Equivalent the risk-weighted asset equivalent amount of the “Total net due from in excess of SR II limits.” It is calculated by applying a risk weight 1000% on the “Total net due from in excess of SR II limits. This amount should subsequently be captured in row 740 in SS 1C.

Specific note:

All the balances due from unconsolidated affiliates also should be captured in SS 1C and are subject to the regular risk weights that correspond to their counterparty. They should follow the requirements set out in SS 1C in order to calculate their regular risk-weighted assets.

6.15.4 DEFINITIONS

The definitions in SR II apply for SS 12A.

6.15.5 EXAMPLE ON SS 12A

The worked example 4.6 on reporting balances due from unconsolidated affiliates and the RWAs is included in the CoA R&ED.

6.16 SUPPORTING SCHEDULE 12B: DUE FROM/TO UNCONSOLIDATED AFFILIATES

6.16.1 OBJECTIVE

1. SS 12B provides an overview of all the balances due from and due to unconsolidated affiliates of the reporting institutions described in Supervisory Regulation II “*Restrictions on Transactions with Affiliates*” (SR II) paragraph II.4.2. The information serves for monitoring the risk of contagion.

6.16.2 LEVEL OF REPORTING

1. Each abovementioned reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.16.3 INSTRUCTIONS

6.16.3.1 General instructions

1. The balances due from and due to unconsolidated affiliates should be reported after deduction of any specific provisions, any allowance for impairment, and applying the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”.
2. No additional risk-weighted assets are calculated based on SS 11B.

6.16.3.2 Reporting Instructions

Include in the column:

- | | |
|-----------|--|
| A. Name | the name of each unconsolidated affiliate whose balances are reported in SS 12B. |
| B. Item | the balance sheet item that corresponds to the unconsolidated affiliate balance. |
| C. Banks | all balances resulting from the ordinary course of correspondent business with unconsolidated affiliate banks. |
| D. Others | all other balances due from unconsolidated affiliates. |
| E. N.A. | No information (column left unused intentionally). |

F. Due to all amounts due to unconsolidated affiliates.
unconsolidated
affiliates

Include in the row:

200. Total the aggregate of the amounts reported in columns C, D, and F.
due from/to

Specific note:

All the balances due from unconsolidated affiliates also should be captured in SS 1C and are subject to the regular risk weights that correspond to their counterparty. They should follow the requirements set out in SS 1C in order to calculate their regular risk-weighted assets.

6.17 SUPPORTING SCHEDULE 13A: CREDIT EXTENSION TO PRINCIPAL SHAREHOLDERS, SUPERVISORY DIRECTORS, EXECUTIVE OFFICERS, AND EMPLOYEES

6.17.1 OBJECTIVE

1. SS 13A 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 Supervisory Regulation I “*Restrictions on Credit extension to Principal Shareholders, Supervisory Directors, Executive Officers (and their related interests and immediate family), and Employees of Credit Institutions*” (SR I):

1. Principal shareholders³⁰
2. Supervisory directors³¹
3. Executive officers³²
4. Employees

Specific note:

SS 13A does not apply to the reporting institution described in SR I, paragraph I.4.2. Such institution should complete and file SS 13B, as set out in chapter 6.18 of this manual.

6.17.2 LEVEL OF REPORTING

1. Except for the reporting institution mentioned in the above specific note, each other reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.17.3 INSTRUCTIONS

6.17.3.1 General instructions

1. In order to complete SS 13A, SR I should also be read.
2. The amounts of extended credit should be reported gross (i.e., before deducting any specific provisions, any allowance for impairment, and applying the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”.

³⁰ Including their related interests and immediate family.

³¹ Including their related interests and immediate family.

³² Including their related interests and immediate family.

6.17.3.2 Reporting instructions

Each reporting institution should calculate the amounts that represent 5 % and 10% of its total capital as defined in SR I and report this in SS 13A.

Include in the column:

Direct Credit Extension any amount of credit extension due directly from any principal shareholder, supervisory director, and executive officer of the reporting institution and its subsidiaries, and related companies as set out in SR I, paragraph I.2.4.a, and due from any employees of the reporting institution and its subsidiaries as set out in SR I, paragraph I.2.4.c (groups 1 through 4).

The mortgages and education loans to executive officers mentioned in SR I, paragraph I.5.1 should be reported in row 40. These loans should be deducted to assess compliance with the 5% limit mentioned in the abovementioned paragraph I.5.1. Exempted reporting institutions are not subject to the 5% and 10% limit.

2. Indirect Credit Extension any amount of credit extension due from the related interests and immediate family of any principal shareholder, supervisory director, or executive officer (groups 1-3) of the reporting institution and its subsidiaries, as set out in SR I, paragraph I.2.4.b.

Note: Consider the reporting procedure set out below under “Other instructions”.

3. Total the aggregate amount of the direct and indirect credit extension. The amount is generated automatically as the sum of columns 1 and 2.

Include in the row:

80. Capital charge on excess credit extension to groups 1-3 any amount by which the total amount of credit extended to groups 1-3 exceeds 5% of the reporting institution’s total capital. It is calculated as the excess credit total amount of column 3 row 60 less 5% of the mentioned total capital.

90. Capital charge on excess credit extension to any amount by which the total amount of credit extended to group 4 exceeds 10% of the reporting institution’s total capital. It is calculated as the excess credit total amount of column 1 row 70 less 10% of the mentioned total capital.

group 4

- | | |
|--|--|
| 100. Total capital charge of groups 1-4 | the total capital charges of groups 1–4. It is calculated as the sum of the capital charges of column 3 rows 80 and 90. |
| 110. Risk-weighted assets equivalent of the credit extension in excess of the SR I limit | the total risk-weighted assets equivalent amount of the capital charge. It is calculated by multiplying the amount of row 100 by 12.5. The amount should subsequently be captured in row 750, column 4 of SS 1C. |
| 120. Number of employees | the number of employees of the supervised institution as per the reporting date. |

6.17.3.3 Other instructions

1. The total amount of credit extension to the persons that form part of groups 1, 2, and 3 may not exceed 5% of the reporting institution’s total capital as set out in SR I, paragraph I.5.1.a.
2. The total amount of credit extension to the persons that form part of group 4 may not exceed 10% of the reporting institution’s total capital as set out in SR I, paragraph I.5.2.a.
3. Reporting institutions should consider the relevant aspects of each case in order to complete SS 13A properly and assess compliance with SR I. For example, in the following cases the reporting procedures listed here should be maintained:
 - a) if a particular person qualifies for more than one group, e.g., an executive officer who is also a principal shareholder, then that individual should be placed only in the group with the lowest group number (group 1 in this example).
 - b) a person may qualify for more than one of the groups 1-4 (a direct relationship) and also qualify to be reported as an indirect relationship as, for example, when credit is extended to an employee who is the spouse of an executive officer of the same reporting institution. In such case, the extended amount should be reported only in the column “Direct credit extension” group 4 “Employees”. To avoid duplication, the amount should not be reported in column 2. However, the reporting institution should still consider the amount as indirect credit extension to assess that the reporting institution complies with the limit of 5% mentioned above.

6.17.4 DEFINITIONS

The definitions in SR I apply for SS 13A.

6.18 SUPPORTING SCHEDULE 13B: CREDIT EXTENSION TO PRINCIPAL SHAREHOLDERS, SUPERVISORY DIRECTORS, EXECUTIVE OFFICERS, AND EMPLOYEES

6.18.1 OBJECTIVE

1. SS 13B provides an overview of the credit extension by reporting institutions described in Supervisory Regulation I “*Restrictions on Credit extension to Principal Shareholders, Supervisory Directors, Executive Officers (and their related interests and immediate family), and Employees of Credit Institutions*” (SR I) paragraph I.4.2, to the following groups of persons :
 1. Principal shareholders³³
 2. Supervisory directors³⁴
 3. Executive officers³⁵
 4. Employees

6.18.2 LEVEL OF REPORTING

1. Each abovementioned reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.18.3 INSTRUCTIONS

6.18.3.1 General instructions

1. The amounts of extended credit should be reported gross (i.e., before deducting any specific provisions, any allowance for impairment, and applying the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”.
2. The definitions of “credit extension”, “employees”, “executive officer”, “immediate family”, “principal shareholder”, “related interests”, “subsidiary” and “supervisory director” used in SR I are also used in SS 13B.
3. No risk-weighted assets equivalent related to the extended credits are calculated based on SS 13B.

³³ Including their related interests and immediate family.

³⁴ Including their related interests and immediate family.

³⁵ Including their related interests and immediate family.

6.18.3.2 Reporting instructions

Include in the column:

1. Direct Credit Extension any amount of credit extension due directly from any principal shareholder, supervisory director, and executive officer of the reporting institution, its head office and the subsidiaries thereof, and due from any employees of the reporting institution (groups 1 through 4).

2. Indirect Credit Extension any amount of credit extension due from the related interests and immediate family of the abovementioned principal shareholders, supervisory director, or executive officer of the reporting institution (groups 1-3).
Note: Consider the reporting procedure set out below under “Other instructions”.

3. Total the aggregate amount of the direct and indirect credit extension. The amount is generated automatically as the sum of columns 1 and 2.

Include in the row:

- 40, 50, 90, and 100 no information (row left unused intentionally).
110. Number of employees the number of employees of the supervised institution as per the reporting date.

6.18.3.3 Other instructions

1. Reporting institutions should consider the relevant aspects of each case in order to complete SS 13B properly. For example, in the following cases these reporting procedures should be maintained: **(indent to line up)**
 - i. if a particular person qualifies for more than one group, e.g., an executive officer who is also a principal shareholder, then that individual should be placed only in the group with the lowest group number (group 1 in this example).
 - ii. a person may qualify for one of the groups 1-4, (a direct relationship) and also qualify to be reported as an indirect relationship as, for example, when credit is extended to an employee who is the spouse of an executive officer of the same reporting institution. In such case, the extended amount should be reported only in the column “Direct credit extension” group 4 “Employees”. To avoid duplication, the amount should not be reported in column 2.

6.18.4 DEFINITIONS

The definitions of “credit extension”, “employees”, “executive officer”, “immediate family”, “principal shareholder”, “related interests”, “subsidiary”, and “supervisory director” used in SR I are also used for SS 13B.

6.19 SUPPORTING SCHEDULE 20: LIQUIDITY REPORT

6.19.1 OBJECTIVE

1. SS 20 provides an overview of the liquidity position of the reporting institution. The information serves to determine whether the institution meets the minimum required liquidity position set by the Bank.
2. The calculation of and the instructions on the liquidity position are set out below in the following parts I - III:
 - I calculation of the required liquidity;
 - II calculation of the liquid assets; and
 - III calculation of the liquidity position.

6.19.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.19.3 INSTRUCTIONS

6.19.3.1 *General instructions*

Report the amounts after applying the rules for compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”. The SS 21 “*Gross to Net Balances*”, SS 22 “*Maturity Schedule*”, SS 24 Savings Deposits, and SS 31 “*Pledged Assets*” serve as reference for completing the liquidity report.

6.19.3.2 *Reporting instructions*

The following paragraphs contain further details to complete each part of this SS 20.

6.19.3.2.1 *Part I Calculation of the required liquidity*

1. Guidance on columns 1 to 5

Columns 1 and 2 “Outstanding amount”

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

Column 3 “Risk weight %”

The column includes predefined risk weight percentages to apply and calculate the required liquidity amounts.

Columns 4 and 5 “Required liquidity”

The resident and nonresident 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

Include in the row:

10. a. ODCs the total amount of demand deposits reported in SS 21
- 20.b. All other all other amounts of demand deposits which have not been reported above under (a); and
30. Total item 2101 the total amounts of resident and nonresident 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 21.

2102 Savings deposits

Include in the row:

40. a. Total savings deposits the total balances of residents and non-resident savings deposits. No risk weight should be applied on these balances.
50. b. Average total withdrawal amount of savings deposits the average total withdrawal amounts of resident savings deposits and of nonresident savings deposits of six reporting month-ends. Each aforementioned average is calculated as the sum of the total withdrawal amounts of resident and nonresident savings deposits, respectively, reported in row 40 of the relevant SS 24 “*Savings Deposits*”, for the five reporting months preceding the reporting date and the total withdrawal amount of resident and non-resident savings deposits, respectively, reported in row 40 of SS 24, of the current reporting month, divided by six.

A risk weight of 150% will be applied on the reported average total amount of withdrawal.

Specific note

See the specific notes in the reporting instructions of SS 24 “*Savings Deposits*” concerning rows 40 and 50.

The abovementioned wording “relevant SS 24 “*Savings Deposits*” means that for completing the levels 1, 2, 4, 6, 7, or 8, respectively, of SS 20, the reported amount in row 40 of the respective levels 1, 2, 4, 6, 7, or 8 of SS 24 should be used.

60. Total item 2102 the total amounts of resident and nonresident 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 21.

2103 Time deposits

Include in the row:

70. a. ODCs < 1 month the amount of time deposits from ODCs which have a remaining term up to one month;
80. b. ODCs >1 = < 24 months the amount of time deposits from ODCs which have a remaining term between one month up to and including 24 months;
90. c. All other < 1 month the amounts of all other time deposits which have a remaining term up to one month;
100. d. All other >1 = < 24 months the amounts of all other time deposits which have a remaining term between one month up to and including 24 months;
110. e. All other the amounts of all other time deposits which have not been reported above in rows 70 through 100; and
120. Total item 2103 the total amounts of resident and nonresident 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 21.

2201 Financial liabilities measured at fair value

Include in the row:

130. a. Fin. liabilities < 1 month the amounts of item 2201 which have a remaining term up to one month;
140. b. Fin. liabilities > 1 = < 24 the amounts which have a remaining term between one month up to and including 24 months;
150. c. 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 nonresident financial liabilities designated at fair value through profit or loss. The amounts should equal both the sum of the amounts reflected in rows 130 through 150 and the total net balances for financial liabilities designated at fair value through profit or loss reported in SS 21.

2202 Financial liabilities measured at amortized cost

Include in the row:

170. a. Fin. liabilities < 1 month the amounts of item 2202 which have a remaining term up to one month;
180. b. Fin. liabilities > 1 - = < 24 months the amounts of item 2202 which have a remaining term between one month up to and including 24 months;
190. c. 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 nonresident 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 21.

2300 Derivatives - Financial Liabilities

Include in the row:

210. a. HFT the liabilities³⁶ of all the derivatives-financial liabilities held for trading (HFT);
220. b. HFH the liabilities of all the derivatives-financial liabilities held for hedging (HFH); and
230. Total account 2300 the total amounts of resident and nonresident 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 21.

2400 Interbank funds-bought

Include in the row:

240. Interbank funds-bought the total net balances for interbank funds-bought reported in SS 21.

2500 Bankers' liability for acceptances

Include in the row:

250. a. < 1 month the amounts of account 2500 with a remaining term up to one month;
260. b. > 1 – 24 months the amounts of account 2500 with a remaining term between one month up to 24 months;
270. c. All other all other amounts of account 2500 which have not been reported above in rows 250 and 260; and
280. Total account 2500 the total amounts of the resident and nonresident 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 21.

³⁶ 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.

2600 Other liabilities

Include in the row:

290. Other liabilities the total net balances for the other liabilities reported in SS 21.

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

Include in the row:

300. LDGHFS the total net balance for liabilities included in disposable groups classified as held for sale reported in SS 21.

2800 Subordinated debentures and limited life redeemable preference shares (SLRPS)

Include in the row :

310. a. < 1 month the amounts of account 2800 with a remaining term up to one month;

320. b. > 1 – 24 months the amounts of account 2800 with a remaining term between one month up to 24 months;

330. c. All other all other amounts of account 2800 which have not been reported above in rows 310 and 320; and

340. Total account 2800 the total amounts of resident and nonresident 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 21.

Include in the row:

350. Total class 2 required liquidity 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. a. Direct credit substitutes the total amounts of the issued direct credit substitute guarantees;

370. b. Risk participations	the total amounts of the risk participations;
380. c. Commitments	the total amounts of the issued commitments;
390. d. Fully cash collateralized	the contingent liabilities that are fully collateralized by cash deposits;
400. e. All other	the amounts of all other contingent liabilities which have not been reported above in rows 360 through 390; and
410. Total class 8	the total amounts of resident and nonresident contingent liabilities, being the sum of the amounts reflected above in rows 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 see also the instructions of SS 23 “*Large depositors*”.

Include in the row:

420. a. Large deposits	the total amount of all qualifying large deposits calculated in SS 23.
430. b. Large other liabilities	<p>the total amount of all other liabilities due to any counterparty or group of connected counterparties, and that exceeds 1% of the reporting institution’s total amount of class 2.</p> <p>The specifics on interconnectedness that will be applicable on group of connected counterparties of large other liabilities are equal to the specifics on interconnectedness set out in the instructions of SS 23, but with regard to other liabilities.</p>
440. c. Large contingencies	<p>the total amount to any counterparty or group of connected counterparties 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.</p> <p>The specifics on interconnectedness that will be applicable on groups of connected counterparties of large other liabilities are equal to the specifics</p>

on interconnectedness set out in the instructions of SS 23, but with regard to large contingencies.

450. Total additional liquidity requirements the total amounts of resident and nonresident 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.

6.19.3.2.2 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 nonresident 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 nonresident 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 assets that meet the criteria set out below, in the following rows (pledged assets set out in SS 31 “*Pledged Assets*” do not qualify as liquid assets):

470. Cash and deposit balances the total cash and total deposit balances as reported in SS 21.

480. Interbank funds-sold the total amount of interbank funds-sold, as reported in SS 21.

490. a. Reserve the total amount of the reserve requirement held at the Bank.

requirement

500. b. Eligible TDs and CDs the total amount of time deposits and Certificate of Deposits which have a remaining term up to and including three months and are reported in ≤ 3 months items 1306 200 (excluding the reserve requirement held at the Bank 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 are applied when converting deposits into cash within two business days, then the deposits must be shown net of break costs.
510. a. GBT ≤ 12 months the total amount of government bonds and/or treasury papers with a remaining maturity up to and including 12 months, and that meet the qualifying criteria mentioned below.
520. b. GBT $> 12 - \leq 36$ months report the total amount of government bonds and/or treasury papers with remaining term between 12 up to and including 36 months, reported in item 1301 200, and that meet the following qualifying criteria:
- a) they are issued by the governments of Curaçao or Sint Maarten;
 - b) they are issued by other governments including government agencies provided that they are at least investment grade³⁷; and
 - c) they are unencumbered.
530. c. Other marketable securities the total amount of other marketable securities that meet at least the following criteria on the reporting date:
- a) are unencumbered.
 - b) are traded in active markets³⁸; and

³⁷ 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).

³⁸ Excluding the active markets for Junk bonds. In some cases having an active market may not be an indication of the quality of the security, e.g. Junk bonds also have an active market.

- c) are at least a higher range³⁹ of investment grade securities with a stable outlook, or comparable issued outlook, with respect to long-term ratings, and at least investment grade with respect to short-term ratings.

Specific Note:

The Bank reserves the right to adjust the abovementioned criteria, based on developments in the markets.

TOTAL LIQUID ASSETS:

Include in the row:

540. 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.

6.19.3.2.3 Part III Calculation of the liquidity position

1. Guidance on columns 4 and 5

Columns 4 and 5 “liquidity position”

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

Include in the row:

550. Total Liquid Assets the total amount of liquid assets reported in row 540.

560. Less: total required Liquidity the total amount of required liquidity reported in 460. This amount should be reported in parentheses.

570. Liquidity position the resident and nonresident liquidity positions. The positions are calculated as the sum of the total amount of liquid assets less the

³⁹ Higher range of investment grade means rated at least BBB or Baa2 or higher by a recognized ECAI.

(surplus/
deficit) total amount of required liquidity.

LIQUIDITY POLICY

At all times the reporting institution should have an overall liquidity position (aggregate of the resident and nonresident liquidity positions) larger than zero (0). Therefore, only the three following scenarios are possible:

	<u>Resident</u>	<u>Nonresident</u>	<u>Overall liquidity Position</u>
Scenario 1	surplus	surplus	> 0
Scenario 2	surplus	deficit	> 0
Scenario 3	deficit	surplus	> 0

6.19.4 DEFINITIONS

The following definitions apply for SS 20.

The following terms used in the above instructions are defined in chapter 8, Definitions: “Counterparty, Group of connected counterparties, Higher range of Investment grade, Investment grade, Large deposit, Large depositor”.

6.19.5 EXAMPLE ON SS 20

The worked example 3.7 on calculating the liquidity requirement for savings deposits, is included in the CoA R&ED.

6.20 SUPPORTING SCHEDULE 21: GROSS TO NET BALANCES

6.20.1 OBJECTIVE

1. SS 21 provides an overview of the institution's balance sheet items from a gross balance to net balance basis. The information supports the reported information in SS 20 "*Liquidity Report*".

6.20.2 LEVEL OF REPORTING

1. Each reporting institutions should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.20.3 REPORTING INSTRUCTIONS

Include in the column:

Gross balance	<p>the gross balance of all the assets (assets, before applying the rules of compensation as set out in attachments H-1 "<i>Credit Risk Mitigation Techniques</i>" and H-2 "<i>Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation</i>", and deducting any specific provisions and allowance for impairment) or liabilities (liabilities before applying the rules of compensation) on the appropriate line, according to the residency (resident or nonresident status) of the obligor or creditor and the currency (NAF. or Forex) in which the asset or liability is stated.</p> <p>The gross balance of the asset or liability should equal the amount of the mentioned asset or liability reported in Classes 1 and 2 of the balance sheet.</p>
Compensations	<p>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.</p> <p>Only assets and liabilities that meet the Bank's compensation rules as set out in attachments H-1 and H-2 may be compensated.</p>
Specific provisions/ Impairments	<p>any specific provisions and any impairments that have been set up for identified losses/impairment for specific assets on the appropriate line according to the residency of the obligor and the currency in which the asset is stated.</p>

Net balance the sum of the gross balance of the asset or liability net of compensations, specific provisions, and impairments.

6.21 SUPPORTING SCHEDULE 22: MATURITY

6.21.1 OBJECTIVE

1. SS 22 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 with respect to the reporting institution's liquidity and asset/liability management.

6.21.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.21.3 INSTRUCTIONS

6.21.3.1 *General instructions*

Asset and liability amounts should be reported after deducting any specific provisions, any allowance for impairment, and applying the rules of compensation set out in attachments H-1 "Credit Risk Mitigation Techniques" and H-2 "Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation".

6.21.3.2 *Reporting instructions*

- a) Report each asset and liability amount 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 payment 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.
- c) The total amount of 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 Derivatives Financial Assets
 - v. Item 1401 Current Account Overdrafts
 - vi. Item 1405 Other Loans (only the outstanding amount of credit cards)
 - vii. Item 2101 Demand Deposits
 - viii. Item 2102 Savings Deposits
 - ix. Item 2201 Financial Liabilities measured at fair value
 - x. Item 2300 Derivatives Financial Liabilities

xi. Item 2400 Interbank Funds bought

Specific note:

3. 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.
4. The full amount of account 17 “Property, Plant, and Equipment” should always be reported in the column “Remaining terms (in months) T> 24”.
5. The amount of all other assets and liabilities should be reported according to the time period(s) in which the repayments are scheduled.
6. Of all assets and liabilities:
 - i. the following total amounts are reported for each time period:
 1. the total amount coming due in the period itself (on the line “Period”);
and
 2. the total cumulative amount (on the line “Cumulative”), which comprises the amounts that come due in that period plus the amounts which come due in all preceding time periods.
 - ii. the following net surplus/deficit amounts are reported for each time period:
 1. the total amount coming due 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 comprises the amounts which come due in that period plus the amounts which come due in all preceding time periods.

6.22 SUPPORTING SCHEDULE 23: LARGE DEPOSITORS

6.22.1 OBJECTIVE

1. SS 23 provides an overview of all the reporting institution's large deposits of a counterparty or group of connected counterparties, together hereinafter referred to as "the counterparty". The information serves for determining the large deposits based on which the institution should maintain additional liquidity in SS 20 "Liquidity report".

6.22.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.22.3 INSTRUCTIONS

6.22.3.1 General instructions

1. After applying the rules of compensation, as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*" on the counterparty's deposit amounts, the total remaining deposit amounts that exceed 1% of the reporting institution's total amount of class 2 as per the reporting date, should be reported in SS 23. In the case of a group of connected counterparties, all the deposits of the counterparties that form part of the group should be included.
2. For each counterparty, report first all demand deposits, followed by all time deposits with remaining maturity equal to or less than 1 month, followed by all the other time and savings deposits.
3. Applicable specifics on interconnectedness with regard to a group of connected counterparties for SS 23, mentioned in chapter 8 Definitions are as follows:
Interconnection with respect to subject deposits may exist when at least one of the following criteria is met:
 - a) common ownership or partnership;
 - b) common directorship (managing and/or supervisory director); or
 - c) cross-guarantees.

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

The deposits to executive officers or supervisory directors of any counterparty should be considered deposits to mentioned officers or directors and should not be treated as part of the deposits of the counterparty (depositor) they are representing.

6.22.3.2 Reporting instructions

Each reporting institution should calculate the amount that represents 1% of its total amount of class 2 as per the reporting date and report this in SS 23.

Include in the column:

2. Code a unique code for each counterparty. Each deposit of a counterparty should be identified by the same code.
3. Name the name of the counterparty. In case of a group of connected counterparties, mention the name of the depositor in whose name the deposit is.
4. Item the CoA item numbers under which the counterparty's deposit is classified. (The item numbers are those under items 2101 (demand deposits), 2102 (savings deposits), and 2103 (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 in column 5 for each counterparty. This amount should exceed 1% of the reporting institution's total amount of class 2 as per the reporting date.
8. Qualifying deposit - resident for each resident large depositor, the total amount of all its demand deposits and time deposits with a remaining maturity equal to or less than 1 month, provided the amount exceeds 1% of the reporting institution's total amount of class 2.
Deposits already subject to a 100% risk weight in SS 20 do **not** qualify as qualifying deposits.
9. Qualifying deposit - nonresident for each nonresident large depositor, the total amount of all its demand deposits and time deposits with a remaining maturity equal to or less than 1 month, provided the amount exceeds 1% of the reporting institution's total amount of class 2.
Deposits already subject to a 100% risk weight in SS 20 do **not** qualify as qualifying deposits.

The reported total amount of all resident and nonresident qualifying deposits in SS 23 should also be captured in SS 20 row 420 “Additional liquidity requirement: large deposits”, resident, and nonresident column.

6.22.3.3 Other instructions

Maintain a blank row between the reported data of each counterparty.

6.22.4 DEFINITIONS

The following terms used in the above instructions are defined in the annex Definitions: “Counterparty, Group of connected counterparties, Large deposits, Large depositors”.

6.22.5 EXAMPLE ON SS 23

The worked example 4.8 on calculating and reporting large depositors and the additional liquidity requirement is included in the CoA R&ED.

6.23 SUPPORTING SCHEDULE 24: SAVINGS DEPOSITS

6.23.1 OBJECTIVE

1. SS 24 provides a breakdown of the reporting institution's savings deposits and the changes in the balances during the reporting month, and how to calculate the required liquidity for savings deposits in SS 20 "Liquidity Report".

6.23.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.23.3 INSTRUCTIONS

6.23.3.1 *General instructions*

The amounts should be reported gross (being the balance of the savings deposit before the application of the rules of compensation as set out in attachments H-1 "Credit Risk Mitigation Techniques" and H-2 "Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation").

6.23.3.2 *Reporting instructions*

Include in the row:

- | | |
|----------------------------|---|
| 10. Balance previous month | the savings deposit's closing balance at the end of the previous reporting month. |
| 20. Add new deposits | the amount of new savings deposits received in the reporting month. |
| 30. Interest | the amount of interest credited to the savings deposits during the reporting month. |
| 40. Less: withdrawals | the amount of savings deposits withdrawn in the reporting month. |

Specific note:

Calculate for each month end the total amount withdrawn on all savings deposits (separately for residents and nonresidents). Each decrease in savings deposits due to a withdrawal is considered a withdrawal to be included in the abovementioned calculation. However, if all conditions mentioned below are met, and the withdrawn amount is fully or partially used to open a time deposit, then that full or partial amount should not be considered a withdrawal of savings deposits and should be reported in row 50 of SS 24.

Conditions:

The abovementioned 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. Less: shift to the full or partial amount of withdrawn savings deposits which were used to open a time deposit, and that meet the abovementioned conditions.
60. Balance this the savings deposits closing balance at the end of the reporting month. The balance is generated automatically as the sum of rows 10 , 20, and 30 minus rows 40 and 50.
70. Number of the total number of passbooks, written agreements, and receipts by accounts which the savings deposits are evidenced.

6.24 SUPPORTING SCHEDULES 30A AND 30B: (OVERDRAWN) CURRENT ACCOUNT OVERDRAFTS AND DELINQUENT AND NONPERFORMING LOANS

6.24.1 OBJECTIVE

1. SS 30A provides an overview of all (overdrawn) current account overdrafts, and SS 30B provides an overview of all delinquent and nonperforming loans with the reporting institution. The information serves for monitoring and assessing the quality of the institution's loan portfolio.

6.24.2 LEVEL OF REPORTING

1. Each reporting institution should file these CoA reports in accordance with the level(s) of reporting applicable to the institution.

6.24.3 INSTRUCTIONS

6.24.3.1 General instructions

1. To complete SSs 30A and 30B, Supervisory Regulation IV "*Regulation Concerning General and Specific Provisions for Loan Losses of Credit Institutions*" (SRIV) should also be read.
2. All amounts should be reported gross (i.e., before deducting any specific provisions and applying the rules of compensations as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*").
3. A restructured troubled loan should be reported in the original period denoting its delinquency prior to its restructuring. In accordance with SR IV, such a loan should no longer be considered a restructured troubled loan if 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.

6.24.3.2 Reporting instructions

1. For supporting schedule 30A: (Overdrawn) Current Account Overdrafts

Include in the column:

1. Current Account Overdrafts the aggregate balances of all current account overdrafts, including the balance of expired current account overdrafts per sector.
2. Overdrawn the aggregate balance of only the overdrawn current account

- | | |
|---|---|
| Current Account
Overdrafts
Balance | overdrafts, including the balance of expired current account overdrafts contained in the relevant items of the balance sheet, per sector. |
| 3. Overdrawn
Current Account
Overdrafts
Limits | the aggregate limit of the overdrawn current account overdrafts in column 2, per sector. |
| 4. Overdrawn
Current Account
Overdrafts
Excess | the amount by which the aggregate balance of overdrawn current account overdrafts exceeds the overdrawn current account overdrafts limits, including the balance of expired current account overdrafts per sector. The excess amount is calculated as the overdrawn account balance of column 2 less the overdrawn account limit of column 3. |

Specific note:

In the 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 on whether all of these accounts fall in the same sector. If the client can be classified in only one of the sectors, all current account overdraft balances and other required information should be reported and included on 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. For example, 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 in 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.

2. For supporting schedule 30B: Delinquent and Nonperforming Loans

Include in the columns:

- | | |
|--|--|
| 1 – 4. Amounts
Delinquent and
Non-
performing | the total outstanding amount of delinquent and nonperforming loans, including expired overdrawn current account overdrafts that are delinquent or nonperforming per sector, contained in the relevant items of the balance sheet, and on which any payment of interest and/or payment of principal is past due:
a) 30 up to and including 89 days (1 to 3 months); or |
|--|--|

- b) 90 up to and including 119 days (3 to 4 months); or
- c) 120 up to and including 179 days (4 to 6 months); or
- d) 180 days (6 months) and over.

In SS 30B the delinquent and nonperforming mortgages per sector are broken down in mortgages that cover construction loans (“mortgage construction loans” as defined in the annex Definitions) and all other mortgages.

When the structure (development, construction, addition, and alterations) of a mortgage construction loan is completed, its classification and reporting as “construction loan” in SS 30B should be changed to “all other mortgages”.

Specific note:

1. Partial payment of the outstanding amount of an (expired) overdrawn current account overdraft that is qualified delinquent or nonperforming does not change the qualification of the remaining outstanding amount of the current account overdraft.
2. The applied item numbers in SS 30B, for the “all other mortgages” categories, deviate from the item numbers in the CoA balance sheet.

5. Total the total outstanding amount of delinquent and non-performing loans per sector, calculated as the sum of columns 1 through 4.

6.24.4 DEFINITIONS

The definitions in SR IV apply for SSs 30A and 30B.

6.25 SUPPORTING SCHEDULE 31: PLEDGED ASSETS

6.25.1 OBJECTIVE

1. SS 31 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 to determine the amount of the liquid assets in SS 20 "*Liquidity report*".
2. Securities classified as Financial assets measured at fair value, Financial assets designated at fair value through profit and loss, 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 derecognition, according to IFRS, also should be considered pledged assets.

6.25.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.25.3 INSTRUCTIONS

6.25.3.1 General instructions

Report the pledged assets after deduction of any specific provisions and after applying any impairment, but before applying the rules of compensation as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*".

6.25.3.2 Reporting instructions

Include in the column:

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

- 2-3. Amount the balance of the pledged or assigned resident or nonresident asset.
Resident and
Nonresident

4. Maturity Date the contractual date on which the pledge or assignment of the
of Pledged asset will expire.
Asset

5. Name of Party on Behalf of Whom the Asset has been Pledged 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 Pledge the name of the person to whose benefit the asset has been pledged or assigned.

6.26 SUPPORTING SCHEDULE 32: INTEREST RATE REPRISING

6.26.1 OBJECTIVE

SS 32 provides a breakdown of all asset and liability amounts classified according to their first possible reprising date. The information serves to assess the interest rate risk that the reporting institution may encounter due to reprising of interest.

6.26.2 LEVEL OF REPORTING

1. Each reporting institution should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

6.26.3 INSTRUCTIONS

6.26.3.1 *General instructions*

Asset and liability amounts should be reported after deducting any specific provisions, any allowance for impairment, and applying the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”.

6.26.3.2 *Reporting instructions*

- a) Report each 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 payments over several time periods, each payment of principal and/or interest should be reported in the appropriate “Remaining term (in months)” column.
- c) Where in the case of reprisable rate assets or liabilities, the aforementioned agreement requires multiple payments over several time periods, each payment of principal and/or interest should be reported in the appropriate “Remaining term (in months)” column. This is the first possible time period in which the interest rate related to the reprisable assets or liabilities can be reprised.
- d) The total amount of assets and liabilities in the following accounts and items should always be reported in the “Demand” column:
 - 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 held for Trading
 - v. Item 1305 200 Derivatives-Financial Assets Held for Hedging
 - 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 2301	Derivatives-Financial Liabilities Held for Trading
xi.	Item 2302	Derivatives-Financial Liabilities Held for Hedging
xii.	Item 2400	Interbank Funds-Bought.

Specific note:

1. The amount of all other assets and liabilities should be reported according to the time period(s) in which the repayments of the assets and liabilities will reprise.
2. Of all assets and liabilities:
 - i. the following total amounts are reported for each time period:
 1. The total amount reprising in the period itself (on the line “Period”); and
 2. the total cumulative amount (on the line “Cumulative”), which comprises the amounts that reprise in that period plus the amounts which reprise in all preceding time periods.
 - ii. the following net surplus/deficit amounts are reported for each time period:
 1. The total amount reprising 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 that reprise in that period plus the amounts which reprise in all preceding time periods

7. SUPPORTING SCHEDULES FOR MONETARY SUPERVISION

Chapter 7 contains the description of and the instructions to complete the Supporting Schedules (SSs) for monetary supervision.

Subsequent to the following sections 7.1, 7.2, and 7.3 “Introduction”, “Level of reporting”, and “Supporting Schedules for Monetary Supervision”, respectively, the objectives, further details on the level of reporting, and reporting instructions regarding the SSs for monetary supervision are set out in section 7.4 through section 7.11.

7.1 INTRODUCTION

In view of the Bank's responsibility for monetary supervision, the reporting institutions specified in section 7.2 should periodically submit to the Bank the SSs for monetary supervision as set out in section 7.4 through section 7.11.

7.2 LEVEL OF REPORTING

1. Each reporting institution that is a domestic commercial bank and licensed to operate in Curaçao and/or Sint Maarten (hereinafter referred to as “commercial bank”) should duly complete the abovementioned SSs, also referred to as CoA reports, in accordance with the level(s) of reporting applicable to the institution. Upon log-in, the reporting institution’s name and all levels the institution is required to complete are generated automatically in the heading of each SS.
2. If there is nothing to report in a CoA report, the reporting institution should still submit it in accordance with the submission procedure of CoA reports set out in General Guideline 2.4.

7.3 SUPPORTING SCHEDULES FOR MONETARY SUPERVISION

These supporting schedules (SSs) for monetary supervision comprise:

- a) SS 40 Reserve Requirement;
- b) SS 41 Short Term Net Foreign Assets;
- c) SS 42 Weekly Net Foreign Assets Position;
- d) SS 43A Domestic Loans and Acceptances;
- e) SS 43B New Domestic Loans and Acceptances;
- f) SS 44 Credit Card and Car Loans;
- g) SS 45 New Domestic Loans by Type and Acceptances; and
- h) SS 46 Maturity of Time Deposits.

7.4 SUPPORTING SCHEDULE 40: RESERVE REQUIREMENT

7.4.1 OBJECTIVE

1. SS 40 provides a breakdown of the liabilities. The data are used to calculate the reserve requirement. The reserve requirement arrangement is aimed primarily at influencing the money-creating capacity of the domestic banking systems of Curaçao and Sint. Maarten. Under the arrangement, commercial banks should place a non-interest-bearing deposit ('reserve requirement') on a blocked account with the Bank for a predefined period of time.

7.4.2 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

7.4.3 INSTRUCTIONS

7.4.3.1 General instructions

The amounts should be reported gross (being the balance of the liability before the application of the rules of compensation as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*"). The amounts should include only the relevant activities related to the reporting institution's operations (offices) in Curaçao and Sint Maarten.

7.4.3.2 Reporting instructions

Include in the columns:

1 - 2 the resident amounts of items 2101, 2102, 2103, 2202, and account 24.

Include in the row:

Total Domestic Debt the aggregate amounts of columns 1 and 2. The amount is calculated automatically.

Less: resident time deposits \geq 2 years remaining term the resident time deposits with a remaining term of $>$ 2 years to maturity; the data are obtained automatically from row 40, columns 1 and 2 of SS 46 "*Maturity of Time Deposits*".

Total Adjusted Domestic Debt the aggregate net amount of the domestic debt less the amount of resident time deposits with a remaining term of $>$ 2 years to maturity.

7.4.3.3 Other instructions

The total reserve requirement is calculated by multiplying the adjusted domestic debt of each

individual commercial bank by the reserve requirement percentage. The reserve requirement percentage is based on the level of official reserves, the commercial banks' balances with the Bank, and recent developments in domestic credit extension in Curaçao and Sint Maarten. The reserve requirement period starts the first business day after the 15th day of the calendar month and will end only when the next reserve requirement period begins.

7.5 SUPPORTING SCHEDULE 41: SHORT TERM NET FOREIGN ASSETS

7.5.1 OBJECTIVE

1. SS 41 provides a breakdown of the foreign assets and liabilities. The 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 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

7.5.3 INSTRUCTIONS

7.5.3.1 General instructions

The amounts should be reported gross (being the balance of the asset or liability before deduction of specific provisions, the application of impairment, and the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”). The amounts should include only the relevant activities that relate to the reporting institution’s operations (offices) in Curaçao and Sint Maarten.

7.5.3.2 Reporting instructions

Include in the columns:

- | | |
|---------|--|
| 1 and 2 | any amount with a remaining term of ≤ 1 year to maturity that relates to nonresidents and pertains to the accounts and items of class 1 and 2 of the balance sheet. |
| 3 and 4 | any amount with a remaining term of > 1 year to maturity that relates to nonresidents and pertains to the accounts and items of class 1 and 2 of the balance sheet. |
| 5 Total | the aggregate amount of the relevant columns 1 through 4. The amount is calculated automatically. |

Include in the rows:

- | | |
|--|---|
| “Short term net foreign assets position” | the difference between the total assets less total liabilities reported in the abovementioned columns 1 and 2. The amount is generated automatically. |
|--|---|

“Total net foreign assets position” the total assets of column 5 less the total liabilities of column 5.
The amount is generated automatically.

7.6 SUPPORTING SCHEDULE 42: WEEKLY NET FOREIGN ASSETS POSITION

7.6.1 OBJECTIVE

1. SS 42 (the weekly B-9) provides a breakdown of the total foreign assets and liabilities. The data are used to calculate the bank's weekly net foreign assets position.

7.6.2 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.
2. Commercial banks are required to submit their weekly B-9 reporting form on Monday, stating their positions on the previous Friday. This requirement is based on the 'Aanwijzing no. 5 van de Bekendmaking inzake het Deviezenverkeer AW/2009-1' and section 14 of the National Ordinance on the Supervision of Banking and Credit Institutions (P.B. 1994, no. 4).
3. The Bank will issue a warning to the commercial bank if their B-9 report is submitted after Monday more than once. If late reporting continues during the reporting year, the Bank will impose a penalty of NAF.1,000 for each day of late reporting refer to the National Decree on Penalty for Late Reporting Foreign Exchange Positions (P.B. 1994, no. 110).

7.6.3 INSTRUCTIONS

7.6.3.1 General instructions

The amounts should be reported gross (being the total assets and liabilities before deduction of specific provisions, the application of impairment, and the rules of compensation as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*"). The amounts should include only the relevant activities related to the reporting institution's operations (offices) in Curaçao and Sint Maarten.

7.6.3.2 Reporting instructions

Include in the rows:

- 10 any amount in foreign currencies that relates to nonresidents and pertains to accounts 11 through 19 of the balance sheet.
- 20 any amount in NAF that relates to nonresidents and pertains to accounts 11 through 19 of the balance sheet.
- 40 any amount in foreign currencies that relates to non-residents and pertains to accounts 21 through 28 of the balance sheet.

50 any amount in NAF that relates to non-residents and pertains to accounts 21 through
28 of the balance sheet.

30, 60, the total claims on nonresidents, total liabilities to nonresidents, the total net foreign
70, and assets position, and the B9 position, respectively. The amounts are calculated
80 automatically.

Under the Bank's policy for the weekly B-9, commercial banks are not allowed to have a negative Net Foreign Assets position. If they do, the Bank will charge an administrative fee equal to the amount of the negative position multiplied by the Bank's pledging rate (or "beleningsrente") and by $(7/360)^{40}$. This formula is subject to change by the Bank without prior notice. The fee is calculated weekly and charged on a monthly basis.

⁴⁰ This fraction is used to calculate the administration fee to be applied for a one-week period.

7.7 SUPPORTING SCHEDULE 43A: DOMESTIC LOANS AND ACCEPTANCES

7.7.1 OBJECTIVE

1. SS 43A provides an overview of the balances of domestic loans and customers' liability on bankers' acceptances (acceptances)⁴¹ by economic sector.

7.7.2 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

7.7.3 INSTRUCTIONS

7.7.3.1 *General instructions*

The amounts should be reported gross (being the balance of the loan before deduction of specific provisions and the application of the rules of compensation as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*", and the balance of the acceptances). The amounts should include only the relevant activities that relate to the reporting institution's operations (offices) in Curaçao or Sint Maarten.

7.7.3.2 *Reporting instructions*

Include in the columns:

- 1 through 8 the amounts of the domestic loans and acceptances, using the definitions of the "International Standard Industrial Classifications" (ISIC) codes in attachment K.

Include in the rows:

- 200, 230, and 240 the aggregate amount of the loans and acceptances to the private sector, the public sector, and both sectors, respectively. The amount is calculated automatically.

⁴¹ Domestic loans and acceptances comprise the loans and acceptances related to residents of Curaçao and Sint Maarten.

7.8 SUPPORTING SCHEDULE 43B: NEW DOMESTIC LOANS AND ACCEPTANCES

7.8.1 OBJECTIVE

1. SS 43B provides an overview of the new domestic loans and customers' liability on bankers' acceptances (acceptances)⁴², by economic sector, by the reporting institution in the reporting month.

7.8.2 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

7.8.3 INSTRUCTIONS

7.8.3.1 General instructions

1. The amounts of the extended new loans and acceptances should be reported gross (being the amount of the loan before deducting any specific provisions and applying the rules of compensation as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*", and the amount of the acceptance) and before deducting any installments or other repayments made thereon. The amounts should include only the relevant activities that relate to the reporting institution's operations (offices) in Curaçao or Sint Maarten.
2. A new loan is the extended loan amount in the reported quarter, excluding any existing loan for which the remaining term has elapsed and for which a new loan contract is entered into, and any newly extended loan contract.
3. A new acceptance is the acceptance amount created by the reporting institution in the reported quarter.

7.8.3.2 Reporting instructions

Include in the columns:

- 1 through 8 the extended amounts of the new domestic loans and acceptances using the definitions of the "International Standard Industrial Classifications" (ISIC) codes" in attachment K.

⁴² Domestic loans and acceptances comprise the loans and acceptances related to residents of Curaçao and Sint Maarten.

Include in the rows:

200, 230, the aggregate amount of the extended new loans and acceptances to the private sector, the public sector, and both sectors, respectively. The amount is calculated
and 240 automatically.

7.9 SUPPORTING SCHEDULE 44: CREDIT CARD AND CAR LOANS

7.9.1 OBJECTIVE

1. SS 44 provides a breakdown of the balances of credit card and car loans.

7.9.2 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

7.9.3 INSTRUCTIONS

7.9.3.1 *General instructions*

The amounts should be reported gross (being the balance of the loan before deduction of specific provisions and the application of the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”). The amounts should include only the relevant activities that relate to the reporting institution’s operations (offices) in Curaçao and Sint Maarten.

7.9.3.2 *Reporting instructions*

Include in the columns:

- | | |
|-------------|--|
| 1 through 4 | the amounts of credit card and car 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. The amount is calculated automatically. |

7.10 SUPPORTING SCHEDULE 45: NEW DOMESTIC LOANS BY TYPE AND ACCEPTANCES

7.10.1 OBJECTIVE

1. SS 45 provides an overview of the new domestic loans by type and new customers' liability on bankers' acceptances (acceptances)⁴³.

7.10.2 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

7.10.3 INSTRUCTIONS

7.10.3.1 General instructions

1. The amounts of the extended new loans and acceptances should be reported gross (being the amount of the loan before deducting any specific provisions and applying the rules of compensation as set out in attachments H-1 "*Credit Risk Mitigation Techniques*" and H-2 "*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*", and the amount of the acceptance) and before deducting any installments or other repayments made thereon. The amounts should include only the relevant activities that relate to the reporting institution's operations (offices) in Curaçao and Sint Maarten.
2. A new loan is the extended loan amount in the reported quarter, excluding any existing loan for which the remaining term has elapsed and for which a new loan contract is entered into, and any newly extended loan contract.
3. A new acceptance is the acceptance amount created by the reporting institution in the reported quarter.

7.10.3.2 Reporting instructions

Include in the columns:

- 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 (the purchase of) real estate, construction, and others comprise the type of mortgage loans described in sub-report II, parts IIA, IIB, and IIC.

⁴³ Domestic loans and acceptances comprise the loans and acceptances related to residents of Curaçao and Sint Maarten.

7.11 SUPPORTING SCHEDULE 46: MATURITY OF TIME DEPOSITS

7.11.1 OBJECTIVE

1. SS 46 provides a breakdown of the time deposits⁴⁴ according to the remaining term of the balances.

7.11.2 LEVEL OF REPORTING

1. Each commercial bank should file this CoA report in accordance with the level(s) of reporting applicable to the institution.

7.11.3 INSTRUCTIONS

7.11.3.1 *General instructions*

The amounts should be reported gross (being the balance of the time deposit before the application of the rules of compensation as set out in attachments H-1 “*Credit Risk Mitigation Techniques*” and H-2 “*Eligible Instruments, Compensation, and Guarantors for Credit Risk Mitigation*”). The amounts should include only the relevant activities that relate to the reporting institution’s operations (offices) in Curaçao and Sint Maarten.

7.11.3.2 *Reporting instructions*

Include in the rows:

- | | |
|----|---|
| 10 | the time deposits of residents and nonresidents with a remaining term of less than one month. |
| 20 | the time deposits of residents and nonresidents with a remaining term \geq one month but $<$ than one year. |
| 30 | the time deposits of residents and nonresidents with a remaining term \geq one year but $<$ than two years. |
| 40 | the time deposits of residents and nonresidents with a remaining term \geq two years. |
| 50 | the total time deposits at the end of the reporting month. The amount is calculated automatically. |

Include in the columns:

- | | |
|----------|---|
| 5. Total | the aggregate amounts of rows 10 through 50. The amount is calculated automatically |
| . | |

⁴⁴ Excluding time deposits to other depository corporations (banks) and to central banks.

8. DEFINITIONS

The following definitions apply for the CoA MD and the CoA R&D.

“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 abovementioned 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 (IAS 28);
- g) an entity that is a joint venture in which the reporting entity is a venturer (IAS 31);
- 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 Bank 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.

“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” is as defined in Supervisory Regulation III *“Large exposure regulation”* (SR III).

“Consolidated financial statements” are the financial statements of a group presented as

those of a single economic entity.

“Control” is the power to govern the financial and operating policies of an entity (affiliate) so as to obtain benefits from its activities (IAS 28.2).

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 (IAS 27.13). Control by a reporting institution also exists when the institution owns directly or indirectly half or less of the voting power of an entity where there is:

- a) power over more than half of the voting rights by virtue of an agreement with other investors;
- b) power to govern the financial and operating policies of the entity under a statute or an agreement;
- c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
- d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body, and control of the entity is by that board or body.

“Counterparty” means a person, whether natural, legal entity, or proprietorship.

“Covered transaction” is as defined in Supervisory Regulation II *“Restrictions on Transactions with Affiliates”* (SR II).

“Credit extension” is as defined in Supervisory Regulation I *“Restrictions on Credit Extension to Principal Shareholders, Supervisory Directors, Executive Officers (and their related interests and immediate family), and to Employees of Credit Institutions”* (SR I).

“Delinquent loan” is as defined in Supervisory Regulation IV *“Regulation Concerning General and Specific Provisions for Loan Losses of Credit Institutions”* (SR IV).

“Employees” are as defined in SR I.

“Executive officers” are as defined in SR I.

“Group” means a parent with all its subsidiaries.

“Group of connected counterparties” means (with respect to the supporting schedules 11A, 11B, 20, and 23):

- a) two or more persons, whether natural, legal entities, or proprietorships, who constitute a single risk because one of them directly or indirectly exercises control over the other(s);
or
- b) two or more persons, whether natural, legal entities, or proprietorships, between which entities no such abovementioned relationship of control exists, 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.

Applicable specifics on the interconnectedness are set out further in the instructions of the relevant supporting schedules 11A, 11B, 20, and 23.

“Higher range of investment grade” means rated at least BBB or Baa2 or higher, by a recognized ECAI.

“Immediate family” is as defined in SR I.

“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 Bank.

“Large deposit” is a counterparties’ deposit or the aggregate of all its deposits whose balance exceeds 1% of the reporting institution’s total amount of class 2 as per the reporting date.

“Large depositor” is any counterparty or group of connected counterparties which holds (a) large deposit(s).

“Large exposure” is as defined in Supervisory Regulation III. *“Large Exposure Regulation”* (SR III).

“Mortgage construction loans” comprises:

- a) all loans contained in item 1403 of the balance sheet, 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 contained in item 1403 of the balance sheet, 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) of the above-mentioned loan is completed, the reporting institution should cease the classification of the loan as a mortgage construction loan in the relevant CoA report (this is 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 whose remaining term has not elapsed and for which a new loan contract is entered into in the reporting month for the aforementioned remaining term;
- b) any other existing loan (amount), whether or not its terms are modified, and whether or not the type of loan 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.

“(Non-client-related) business” is as defined in SR III.

“Nonperforming loans” is as defined in SR IV.

“Other exposure” is as defined in SR III.

“Parent” means an entity that has one or more subsidiaries.

“Person” is as defined in SR I.

“Principal shareholder” is as defined in SR I.

“Related Interests” is as defined in SR I.

“Resident/nonresident” means the resident or nonresident as defined in article 1, paragraphs 1 and 2 d of the “Regeling deviezenverkeer Curaçao en Sint Maarten” (2010).

“Reporting institutions” comprises:

- a) all licensed local general banks, subsidiaries, and branches of foreign banks, specialized credit institutions, savings banks and consolidated and nonconsolidated international banks established in Curaçao and/or Sint Maarten, and those institutions' branches and subsidiaries established in foreign jurisdictions; and
- b) all local general banks, subsidiaries, and branches of foreign banks, specialized credit institutions, savings banks and consolidated and nonconsolidated international banks established in Curaçao and/or Sint Maarten, and those institutions' branches and subsidiaries established in foreign jurisdictions whose license has been revoked and operations are being terminated.

“Restructured troubled loan” is as defined in SR IV.

“Significant influence” is the power to participate in the financial and operating policy decisions of the investee but is not 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 it 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).

“Supervisory director” is as defined in SR I.

“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.