



BANK VAN DE NEDERLANDSE ANTILLEN
(Central Bank)

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Provisions for the Disclosure
of
Consolidated Financial Highlights
of
Domestic Banking Institutions

Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions

1. Nature and legal basis of the provisions

The provisions for the Disclosure of Consolidated Financial Highlights (hereafter “CFH provisions”) are aimed at disclosing adequate and uniform information to the general public. The information should facilitate an assessment of the financial soundness of domestic banking institutions.

These provisions are issued pursuant to article 2, paragraph 2 of the National Ordinance on the Supervision of Banking and Credit Institutions (N.G. 1994, no. 4).

2. Definitions

For the purposes of these CFH provisions:

“**Bank**” means the Bank van de Nederlandse Antillen.

“**Consolidated**” refers to the combined figures of the banking institution, not being a branch, and incorporated in the Netherlands Antilles, and all of its subsidiaries (the Group) after elimination of intercompany transactions and balances, in accordance with the International Financial Reporting Standards (“IFRS”).

“**Subsidiaries**” refers to those companies in which the Group, directly or indirectly, has power to govern the financial and operating policies in accordance with the IFRS.

“**Disclose**” means to publish in one (or more) morning newspaper(s) and one (or more) evening newspaper(s) issued and or appearing on each island of the Netherlands Antilles. An institution should in addition publish on its website and/or make available by means of providing copies at all of its offices in the Netherlands Antilles.

“**Banking institution**” means a credit institution licensed pursuant to the National Ordinance on the Supervision of Banking and Credit Institutions (N.G. 1994, no. 21) that operates in the domestic market of the Netherlands Antilles as a commercial bank.

“**Consolidated Financial Highlights**” (“**CFH**”) means:

- 1 for a banking institution not being a branch:
 - its consolidated balance sheet, and;
 - its consolidated income statement, and;
 - its explanatory notes to the consolidated financial highlights, and;
 - its auditor’s report to the consolidated financial highlights.

- 2 for a banking institution that is a branch of an institution incorporated outside the Netherlands Antilles the audited consolidated financial statements of this institution.

Those financial statements should include at least:

- its consolidated balance sheet, and;
- its consolidated income statement, and;
- its explanatory notes to the consolidated financial highlights, and;
- its auditor's report to the consolidated financial highlights.

All the above reports should be drawn up in the format and according to the standards as defined in Appendices 1 through 4.

3. Disclosure

Each banking institution should disclose its CFH¹ within 4 months after each calendar year-end.

The Bank emphasizes that all disclosed information must be consistent, irrespective through which media it is disclosed. Therefore, it is not allowed to publish certain information in the newspaper in a certain format and for example on the internet in another format. The Bank encourages each institution also to attach a Management Report to the disclosed CFH. If this management report is attached, it should be in the format specified in Appendix 5. The formats set forth in Appendices 1 through 5 of these CFH provisions are mandatory for any media used.

Subsequent to its disclosure each banking institution should inform the Bank of the date on which and the name of the newspaper in which its CFH has been published. The Bank should also be informed of the address of the website on which a banking institution discloses its CFH.

Each banking institution must, regardless of the criteria set forth in article 119, paragraph 2 of Book 2 of the Civil Code, and with the exemption of the period mentioned in article 120 paragraph 1, observe the provisions of title 5 section 4 of mentioned Book 2.

A banking institution is not allowed to disclose unaudited financial figures to the public.

4. Financial Reporting Standards

The financial statements of the banking institutions must be prepared in accordance with the IFRS. Deviation from this standard is allowed only after prior written approval from the Bank. The Bank will provide this approval only if a valid reason exists for preparing the accounts based on another (internationally) accepted accounting standard, such as US GAAP. Under no circumstances is a banking institution allowed to prepare its financial statements using accounting principles not based on internationally acceptable accounting principles.

¹ With respect to the explanatory notes, at least those outlined in Appendix 3 must be disclosed.

The format, as specified in appendix 1 through 5, should only be used by banking institutions when disclosing their CFH. Institutions not being banking institutions and thus not supervised by the Bank (such as (bank) holding companies), may not:

- use the CFH format;
- refer to the CFH provisions; nor
- indicate that their disclosed financial statements are in accordance with the Bank's guidelines.

Bank van de Nederlandse Antillen
Willemstad, January 2009

Dr. E.D. Tromp
President

APPENDIX 1

CONSOLIDATED BALANCE SHEET OF *<name of banking institution>*

| | (20XX current year) | (20XX previous year) |
|---|---------------------|----------------------|
| | NAf. | NAf. |
| Assets | | |
| Cash and due from banks | | |
| Investment securities | | |
| Investment in unconsolidated affiliates | | |
| Loans and advances to customers | | |
| Customer liabilities under acceptances | | |
| Bank premises and equipment | | |
| Goodwill and other intangible assets | | |
| Deferred tax assets | | |
| Other assets | | |
| Total assets | | |
| Liabilities and stockholders' equity | | |
| Liabilities | | |
| Financial liabilities held for trading | | |
| Customer deposits | | |
| Due to other banks | | |
| Acceptances outstanding | | |
| Profit tax payable | | |
| Deferred tax liabilities | | |
| Provisions | | |
| Subordinated debentures | | |
| Other liabilities | | |
| Funds borrowed | | |
| | | |
| | | |
| Stockholders' equity | | |
| Issued capital | | |
| Share premium | | |
| General reserve | | |
| Other reserves | | |
| Retained earnings | | |
| | | |
| Minority interest | | |
| | | |
| Total liabilities and stockholders' equity | | |

APPENDIX 2

CONSOLIDATED INCOME STATEMENT OF *<name of banking institution>*

| | (20XX current year) NAf. | (20XX previous year) NAf. |
|--|-----------------------------|------------------------------|
| Interest income | | |
| Interest expense | | |
| Net interest income | | |
| Fee and commission income | | |
| Fee and commission expense | | |
| Net fee and commission income | | |
| Dividend income | | |
| Net trading income | | |
| Gains less losses from investment securities | | |
| Other operating income | | |
| Operating income | | |
| Salaries and other employee expenses | | |
| Occupancy expenses | | |
| Net impairment losses on loans and advances | | |
| Other operating expenses | | |
| Operating expenses | | |
| Net result from operations | | |
| Income from associates | | |
| Net result before tax | | |
| Profit tax expense | | |
| Net result after tax | | |

APPENDIX 3**EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL HIGHLIGHTS
OF THE BANKING INSTITUTIONS**

Following are the minimum mandatory notes to the Consolidated Financial Highlights (hereafter “CFH provisions”) to be disclosed to the public. Each institution is obliged to observe these notes. At any time, more information can be supplied in the notes if the individual institution so desires.

A. Accounting policies

1. Basis of preparation

- a) The notes must specify which accounting standards have been used to prepare the financial statements and the specific accounting policies selected and applied for significant transactions and/or events. Changes in the standards or policies used as compared to the previous year and the reason(s) thereof should be disclosed.
- b) A reference must be made to the valuation principles used in the statutory financial statements and a confirmation that those principles coincide with the valuation principles used in drawing up the CFH.
- c) The accounting policies should describe the specific accounting policies that are necessary for a proper understanding of the CFH.
- d) If presentation or the measurement currency is different from the NAf, the currency used and the reason should be disclosed. The reason for any change in the measurement or presentation currency also should be disclosed.

2. Basis of consolidation

The notes must disclose whether subsidiaries are being consolidated in the financial statements. Consolidation must take place in accordance with IFRS.

3. Investment securities

The notes must disclose the description, accounting principles and impairment principles for the following investment securities: trading, available for sale and held to maturity.

4. Loans and advances to customers

The notes must disclose the accounting and impairment principles for the loan portfolio. The General Provision on Loans and Leases (GPLL), as required by the Bank, must be presented under “Other reserves” in “Stockholder’s equity”.

APPENDIX 3 - continued**B. Specification of accounts**

Each institution is obliged to at least disclose the following details of their statutory financial statements in the notes of the CFH. They should indicate that this is an extract of the most important accounts derived from the statutory financial statements.

I. Assets

| | <u>(20XX current year)</u> NAf. | <u>(20XX previous year)</u> NAf. |
|--|------------------------------------|-------------------------------------|
| Investment securities | | |
| Available for sale | | |
| Held to maturity | | |
| Trading portfolio | | |
| Total investments | | |
| Less allowance for losses | | |
| Net investments | | |
| | <u>(20XX current year)</u> NAf. | <u>(20XX previous year)</u> NAf. |
| Loans and advances to customers | | |
| Retail customers | | |
| Corporate customers | | |
| Public sector | | |
| Other | | |
| Total loans and advances | | |
| Less allowance for loan losses | | |
| Net loans and advances | | |

II Liabilities

| | <u>(20XX current year)</u> NAf. | <u>(20XX previous year)</u> NAf. |
|--------------------------------|------------------------------------|-------------------------------------|
| Customer deposits | | |
| Retail customers | | |
| Corporate customers | | |
| Other | | |
| Total customer deposits | | |

APPENDIX 3.1

Example of explanatory notes to the Consolidated Financial Highlights

A. Accounting policies

1. General

The principal accounting policies adopted in the preparation of our financial statements are set out below. The notes are an extract of the detailed notes prepared in our statutory financial statements. The notes detailed below coincide in all material respects with those from which they have been derived. Throughout this report, the word Group refers to **<Name of banking institution>** and its consolidated subsidiaries.

2. Basis of preparation

Our financial statements, from which these Consolidated Financial Highlights have been derived, are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Furthermore, the statements are prepared on a fair value basis except for assets and liabilities that require presentation at amortized cost or historical cost.

The figures presented in this highlight are stated in NAf 1 million and are rounded to the nearest million.

The accounting policies used have been consistently applied by the Group institutions and are consistent with those used in the previous year.

3. Basis of consolidation

Subsidiaries are those institutions in which the group, directly or indirectly, has the power to govern the financial and operating policies. The financial statements of our subsidiaries are consolidated from the date on which control commences until the date that control ceases. The following subsidiaries have been consolidated: **<name of subsidiaries>**.

4. Description of significant accounts

Investments available for sale

Those investments not held for trading purposes or held to maturity. These investments are initially recognized at cost and subsequently re-measured at fair value.

Investments held to maturity

Those investments with fixed or determinable payments and fixed maturity that the Group has the intent to hold to maturity. These include certain Government bonds. These investments are recognized at cost.

Trading Portfolio Investments

Those investments that the Group holds principally for the purpose of short-term profit taking. These investments are measured at fair value.

4. Description of significant accounts -*Loans and advances to customers*

Loans originated by providing money directly to the borrower are categorized as loans and advances to customers and are carried at amortized cost. An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans.

B. Specification of accounts. Use the same format as in Appendix 3 B

APPENDIX 4**AUDITOR'S REPORT on Consolidated Financial Highlights of <name of banking institution>**

We have audited the financial statements of **<name of banking institution>** for the year ended December 31, 20xx, from which these consolidated financial highlights consisting of balance sheet, income statement, and notes were derived, in accordance with International Standards on Auditing (or refer to relevant national standards).

In our auditors' report dated **<date>** we expressed an **<type of auditor's opinion>** opinion on the financial statements from which these consolidated financial highlights were derived.

In our opinion, the disclosed consolidated financial highlights are consistent, in all material respects, with the financial statements from which they have been derived.

For a better understanding of the financial position and the results of **<name of banking institution's>** operations and the scope of our audit, the financial highlights should be read in conjunction with the financial statements from which they have been derived and our **<type of auditor's opinion>** auditors' report thereon.

Place,

date

Signature **< of the auditor>**

APPENDIX 5**M a n a g e m e n t R e p o r t**

The report must:

- Comment on the economic situation and its effect on the institution.
- Comment on the major developments within the bank in the last year.
- Comment on the most important developments in the financial figures (major changes in assets, loan loss provision, liabilities, and/or Profit & Loss accounts).

Furthermore, management may:

- Comment on other major areas it wants to discuss.

Signature of President Director
<Name of banking institution>