CENTRAL BANK OF THE BAHAMAS

GUIDANCE NOTES FOR THE COMPLETION OF THE FINANCIAL RETURN *formerly* EXCEL REPORTING SYSTEM (ERS)

NOVEMBER 2010 (Revised[1])

[1] Revised: 2 April ,2015; 28 June , 2022

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1. Overview of the Financial Return

The Financial Return, *the return*, (*formerly* ERS) is a series of Microsoft Excel-based templates, which are designed to improve the regulatory reporting for Supervised Financial Institutions ("SFIs") of the Central Bank of The Bahamas. These Guidance Notes serve as a companion tool to the Financial Return to provide SFIs with an overview of the return as well as the filing and reporting instructions.

A copy of the return file template and Guidance Notes are placed on Central Bank's website for ease of access and reference by SFIs. These documents may be located on the website as follows:

Log onto: www.centralbankbahamas.com

- Click on **Core Functions**
- Select **Bank Supervision**
- Select D**ownloadable Forms**

These documents would specify the version and release or amended date. Any amendments to these files would be formally advised to the SFIs, with a general notice posted immediately to the Central Bank's website. When a revised return version is released, SFIs are required to download the updated file to complete its reporting submissions.

The Guidance Notes gives a brief description of each of the forms that make up the return. In addition, the Guidance Notes provide clarification on the data that is to be entered in the various rows and columns of the forms. In some cases, the forms are self-explanatory. Four appendices have been added to this document as reference tools in completing the various forms. Throughout the Guidance Notes this symbol has been placed against key information that SFIs should take into account in completing the forms.

The submission of the return is a requirement of **all public banks, banks & trust companies, and trust companies**. The Central Bank has taken into account that the return in its entirety will not apply to all categories of SFIs, therefore SFIs should refer to Section 3 – "Applicability" of the Guidance Notes in determining which forms are to be completed as a part of their return submission.

SFIs are expected to have appropriate procedures in place to ensure that all completed forms are accurate and are timely submitted. Breakdowns in internal controls, staff shortages and vacations are not considered compelling reasons for late and erroneous filings of the return. Therefore, it is imperative that SFIs ensure that all applicable sections of the return forms are fully completed, such that all material information pertinent to the SFIs' operations is entered into the appropriate forms. To assist with validation of data entered certain cross checks have been embedded across various forms.

2. Filing Instructions for the Financial Return ("the return")

All Public Banks, Banks & Trust Companies, and Trust Companies are required to upload the completed return form set to the ORIMS Portal at https://orimsportal.centralbankbahamas.com/VizorPortal/. A copy of the completed "General Information Form" should be signed by two senior officials or authorised alternate(s). This form should be scanned and uploaded in the Attestation section of the Financial Return in the ORIMS Portal.

Monthly Forms

All Authorised Dealers and Agents are required to complete the suite of monthly forms in the ERS. The ERS should be uploaded no later than **15 business days** after the month end.

Quarterly Forms

All public SFIs (inclusive of Authorised Dealers and Agents) are required to complete the suite of monthly and quarterly forms in the ERS. The ERS should be uploaded no later than **15 business days** after the quarter end. The quarter end is based on the calendar year.

Submission Protocols

- Only submissions **sent via the ORIMS Portal will be accepted**.
- Attestations **sent via the ORIMS Portal** are to properly state the bank name, code, date of the report and signatures affixed.
- Data should be rounded to the nearest thousands of dollars **(no decimals)**, except where rates or ratios are reported.
- The ORIMS Portal contains automatic validation rules, which are checked and verified only after submission to the ORIMS Supervision Centre (that is, to the Regulator).
- **Any and all amendments** to be made to subsequent submissions are to be requested via the ORIMS Portal. Please note that the reason for re-submission is required for all re-submissions and must be clearly stated or articulated.

3. Applicability

Forms/Schedules		Auth. Dealer		Auth. Agent		Int'l Banks (Non-resident)		Int'l Trust Cos (Non-resident)	
		YES	NO	YES	NO	YES	NO	YES	NO
1.	Form 1 – Statement of Liabilities	✓		✓		✓		✓	
2.	Form 2 – Statement of Assets & Contingent Liabilities	✓		✓		✓		✓	
3.	Form 2A – Statement of Other Assets and Liabilities	✓		✓		✓		✓	
4.	Form 3 – Analysis of Deposits by Depositors	✓		✓		✓			☑
5.	Form 3C – Analysis of F/C Deposits of Residents	✓		✓			☑		☑
6.	Form 4 – Analysis of Loans & Overdrafts	✓		✓		✓			☑
7.	Form 5 – Analysis of Consumer Credit	✓		✓			☑		☑
8.	Form 10 – Analysis of Inter-Financial Transactions	✓		✓			☑		☑
9.	Capital Composition – Breakdown of Capital Base	✓		✓		✓			☑
10.	Summary Schedule of Total Eligible Capital	✓		✓		✓			☑
11.	Credit Risk – Standardised Approach	✓		✓		✓			☑
12.	Off-Balance Sheet Non-Derivatives - Standardised Approach	✓		✓		✓			☑
13.	Off-Balance Sheet Derivatives - Standardised Approach	✓		✓		✓			☑
14.	Operational Risk	✓		✓		✓			☑
15.	Leverage Ratio	✓		✓		✓			☑
16.	Assets by Zones	✓		✓		✓		✓	
17.	Statement of Investments	✓		✓		✓		✓	
18.	Statement of Ten Largest Market Loans	✓		✓		✓		✓	
19.	Statement of Ten Largest Depositors	✓		✓		✓		✓	
20.	Statement of Large Exposures	✓		✓		✓			☑
21.	Statement of 20 Largest Loan Arrears	✓		✓		✓			☑
22.	Statement of 20 Largest Exposures	✓		✓		✓			☑
23.	Form 3B – Analysis of Resident B$ Deposits	✓		✓			☑		☑
24.	Form 3D – Analysis of Resident B$ Deposits up to $10,000	✓		✓			☑		☑
25.	Form 5B – Credit Card Report	✓			☑		☑		☑
26.	Form 6 – Mortgages Report	✓			☑		☑		☑
27.	Form 7 – Profit & Loss	✓		✓		✓		✓	
28.	Form 8 – Analysis of Payments Systems	✓		✓			☑		☑
29.	Statement of Fiduciary Assets	✓		✓		✓		✓	
30.	Maturity-Wise Analysis of Liabilities & Assets	✓		✓		✓		✓	
31.	Interest Rate Sensitivity of Liabilities & Assets	✓		✓		✓		✓	

32.	Investments by Currency Type	✓		✓		✓			☑
Market Risk Forms**									
33.	Trigger	✓		✓		✓		✓	
34.	IRR – General – US								
35.	IRR – General – Great Britain								
36.	IRR – General – Euro								
37.	IRR – General – Canadian								
38.	IRR – General – Swiss								
39.	IRR – General – Japanese								
40.	IRR – General – Other								
41.	IRR – Specific								
42.	Foreign Exchange Risk								
43.	Equity Risk								
44.	Commodities Risk								
45.	Interest Rate Options								
46.	Equity Forex Commodity OptionsP1								
47.	Equity Forex Commodity OptionsP2								
48.	Equity Forex Commodity OptionsP3								

{Required –✓} {Required from the SFI if it is a "Bank" ✓} {Not Required -☑} { *International Trust Companies will report Market loans only} {**Trading Statistics should be reported by SFIs who are licensed/registered by the Securities Commission of The Bahamas)

4. Form Overview

a. General Information

Certification

Two senior officers of the SFI are required to sign the returns and in doing so, certify that,

"We certify that the figures in these forms present a true and fair view of the SFI's position as at the above reporting date. We undertake that if there are further material facts affecting the SFI's affairs, which, in our judgment, should be disclosed, that we will promptly advise the Central Bank of The Bahamas."

A scanned copy of the signed form should be uploaded within the ORIMS Portal.

b. Form 1: Statement of Liabilities & Capital Reserves

This report form provides a breakdown of all liabilities and capital & reserves on the balance sheet. Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) item number (2) description of the information (as it appears on the form), and (3) additional guidance on reporting. Categories that do not require direct input are shaded.

Liabilities (items 1 – 8, 12, 15)

1. DEPOSITS

Represents unpaid balance of money received or held by institutions on which they are obliged to give credit on demand, savings or fixed deposits.

- Include all debit balances on customers' accounts.
- Include breakdown for government, public corporations/public financial institutions and other residents.
- Exclude all financial deposits, i.e. deposits of the Central Bank; Authorised Dealers (commercial banks); Authorised Agents (Other Local Financial Institutions); other resident banks, and offshore financial institutions.

a) Demand Deposits (Checking Accounts)

Include all current and call accounts of customers that can be withdrawn by cheque without notice or delay and money at call and short notice, which is repayable on demand or requires up to thirty days' notice. This should also include funds loaned to the SFI by shareholders that do not fall under the definition of items 9, 10, 11 and 13.

b) Savings Deposits

Include accounts that are not necessarily payable on demand nor held for any fixed period of maturity and where withdrawals are normally made upon presentation of a passbook.

c) Fixed Deposits

Include accounts which have a specified term of maturity or other withdrawal conditions, could include automatic or written renewal provisions. This should also include funds loaned to the SFI by shareholders that do not fall under the definition of items 9, 10, 11 and 13.

These should be segregated according to the following: "Up to 3 months," "Up to 6 months," "Up to 12 months," and "Over 12 months".

d) Negotiable Certificate of Deposit Issued

Include all negotiable certificates of deposit issued by the SFI and still outstanding.

2. DUE TO CENTRAL BANK

a) Borrowings from Central Bank

Borrowings should include all loans obtained from the Central Bank.

b) Deposits held for Central Bank

Deposits should include funds placed with the reporting bank by the Central Bank.

3. DUE TO FINANCIAL INSTITUTIONS (IN THE BAHAMAS)

- Include financial deposits of Authorised Dealers and Agents only. See Appendix I.
- Include banks that specialize in foreign currency transactions or trust business and other financial business.
- For banks with a branch network, "Deposits for" or "Loans from" other branches in The Bahamas should NOT be included. These should net out and hence are excluded from the consolidated report submitted to the Central Bank. "Deposits of" or "borrowings from" other bank branches outside The Bahamas should NOT be recorded here.

a) Commercial Banks (Authorised Dealers)

Banks and trust companies under the Exchange Control Regulations Act that are authorised to deal in gold and foreign currencies.

(i) Demand Deposits

Demand deposits, money at call loans and other deposits that can be withdrawn on demand, without notice or penalty.

(ii) Fixed Deposits

Deposits that have a fixed term of maturity.

(iii) Borrowings

Include bank loans and other forms of borrowings including overdrafts or standby facilities.

b) Other Local Financial Institutions (Authorised Agents)

Other Local Financial Institutions, resident banks, and/or trust companies other than authorised dealers engaged in banking business (mainly accepting deposits that are not payable on demand, such as savings).

(i) Demand Deposits

Demand deposits, money at call loans and other deposits which can be withdrawn on demand, without notice or penalty.

(ii) Fixed Deposits

Deposits which have a fixed term of maturity.

(iii) Borrowings

Include bank loans and other forms of borrowings including overdrafts or standby facilities.

c) Due to "Offshore" Financial Institutions in The Bahamas

Include deposits of all offshore financial institutions (mainly the Euro-currency banks) in The Bahamas.

Do not include those banks listed in Appendix I. Refer to the latest available list of **Banks & Trust Companies** found at www.centralbankbahamas.com →Quick Links→Regulated Entities.

All currency balances under this heading form a portion of the external liabilities of the reporting bank.

4. DUE TO FINANCIAL INSTITUTIONS (OUTSIDE The BAHAMAS)

Balances of the reporting bank owed to banks outside The Bahamas or to the head office or branches of the same bank that are located outside The Bahamas.

All amounts under this category form a portion of the external liabilities of the reporting bank.

See notes relating to items 3 a) and b).

5. BILLS PAYABLE

Promissory notes or other instruments for which the reporting bank is liable. This also includes bills drawn by the SFI under an acceptance credit facility granted by another bank.

a) In The Bahamas

Bills payable to resident individuals or institutions

b) Outside The Bahamas

Bills payable to non-resident individuals or institutions

Balances in 5(B) form a part of the external liabilities of the reporting bank.

6. DEBENTURES ISSUED

Include promissory notes, debentures or other instruments issued to the reporting bank by resident or non-resident individuals or institutions.

a) In The Bahamas

Debentures from residents, foreign currency amounts require Exchange Control approval.

b) Outside The Bahamas

Debentures from non-residents, Bahamian dollar amounts require Exchange Control approval.

Item 6b) forms a part of the external liabilities of the reporting bank.

7. CHEQUES AND OTHER INSTRUMENTS

Include cheques, drafts, etc. drawn on the reporting bank which have not yet been paid.

Local clearings charged against the SFI should NOT be entered in this item because they are considered settled through the account with the Central Bank of The Bahamas.

8. OTHER LIABILITIES

Include all other liabilities falling under the following categories:

a) Accrued Interest

Include all accrued charges of interest which remain unpaid as of the reporting date on all classes of deposit accounts.

b) Accounts Payable

Those obligations originating from the normal course of business, e.g. wire transfers, collection items, etc.

c) Suspense Accounts

Un-posted items held temporarily until offsetting entry is received or posted to the proper account.

d) Other

All other liabilities not defined above. Details of items reported in (d) should be listed on Form 2A: Other Assets and Liabilities of the ERS.

Capital Reserves (Items 9 – 11, 13)

9. LONG-TERM DEBT

a) Hybrid Debt/Equity

Include all loans that are a combination of debt and equity financing.

b) Unsecured Subordinated Loan Stock

Include only unsecured loan stock subordinated in respect of both capital and interest to all other liabilities except those to equity shareholders.

10. SHAREHOLDERS FUNDS

a) Paid-up Share Capital

Paid-up capital only; refers to amounts paid in by the shareholders represented by stock or dividends. Include the nominal paid-up value of both ordinary and preference shares. Where shares have been issued at a premium, the premium should be included under item 11.

b) Minority Interest

Where the SFI reports on a solo consolidated or consolidated basis, include the claim in the permanent shareholders' equity of any partly-owned subsidiary company or minority owned company which is included in the consolidation.

c) Contributed Surplus

Contributed Surplus is the total amount of capital in excess of the par value.

11. RESERVES

General reserve funds; amounts appropriated out of profits for general purposes such as construction, renovation, and other contingencies. Include the retained earnings from previous years, share premium and other capital reserves.

12. PROVISIONS

Specific provisions must be reflective of the expected loss on any loan facility.

13. PROFIT & LOSS ACCOUNT

a) Retained Earnings

Profits retained in the bank after payment of dividends for the previous year, and not classified under other items.

b) Accrued Profit for the Current Year

Accumulation of earnings for the current year.

14. TOTAL LIABILITIES & CAPITAL RESERVES

Automated calculation of items 1 through 13.

15. FOREIGN EXCHANGE FORWARD CONTRACTS: SALE

A forward contract allows a bank, or a bank's customer, to arrange for sale of a specific amount of currency on a specified future date, at the current market price.

16. RELATED PARTY DEPOSITS

Include all deposits from subsidiary and associated companies of the SFI, its ultimate parent company, the company's other subsidiary and associated companies. Also included are deposits of directors (including an alternate) inclusive of any person who occupies such a position, by whatever name called. Finally, include the balances that are due to non-group banks with which directors and controllers are associated.

c. Form 2: Statement of Assets & Contingent Liabilities

This report form provides a breakdown of all assets and contingent liabilities on the balance sheet. Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) item number (2) description of the information (as it appears on the form), and (3) additional guidance on reporting. Categories that do not require direct input are shaded.

Assets (Items 1 - 11)

1. NOTES AND COINS

Include all local and foreign currency in the form of bank notes and coins held by the financial institutions on the reporting date.

2. BALANCE WITH CENTRAL BANK

This is the credit balance of the reporting bank on account with the Central Bank as at the close of business on the reporting date.

3. GOVERNMENT SECURITIES

A. Bahamas Government

i) Locally Issued

a) Treasury Bills (up to 1 year original maturity)

b) Long-term Securities

ii) Externally Issued

a) Treasury Bills (up to1 year original maturity)

b) Long-term Securities

B. Other Governments

a) Treasury Bills (up to 1 year original maturity)

b) Long-term Securities

4. BALANCE WITH FINANCIAL INSTITUTIONS (IN THE BAHAMAS)

- Include financial deposits of Authorised Dealers and Agents only. See Appendix I.
- Include banks which specialise in foreign currency transactions or trust business and other financial business.
- For banks with a branch network, "Deposits for" or "Loans from" other branches in The Bahamas should NOT be included. These should net out and hence are excluded from the consolidated report submitted to the Central Bank. "Deposits of" or "borrowings from" other bank branches outside The Bahamas should NOT be recorded here.

a) Commercial Banks (Authorised Dealers)

Banks and trust companies under the Exchange Control Regulations Act which are authorised to deal in gold and foreign currencies.

(i) Demand Deposits

Demand deposits, money at call loans and other deposits, which can be withdrawn on demand, without notice or penalty.

(ii) Fixed Deposits

Deposits that have a fixed term of maturity.

(iii) Borrowings

Include bank loans (market placements) and other forms of borrowings including overdrafts or standby facilities.

(iv) Negotiable Paper Issued by Other Banks

Negotiable certificates of deposit and other negotiable paper issued by other banks.

b) Other Local Financial Institutions (Authorised Agents)

Other Local Financial Institutions, resident banks, and/or trust companies other than authorised dealers engaged in banking business (mainly accepting deposits that are not payable on demand, such as savings).

(i) Demand Deposits

Demand deposits, money at call loans and other deposits, which can be withdrawn on demand, without notice or penalty.

(ii) Fixed Deposits

Deposits that have a fixed term of maturity.

(iii) Borrowings

Include bank loans (market placements) and other forms of borrowings including overdrafts or standby facilities.

(iv) Negotiable Paper Issued by Other Banks

Negotiable certificates of deposit and other negotiable paper issued by other banks.

c) Balance with “Offshore” Financial Institutions in The Bahamas

Include deposits of all offshore financial institutions (mainly the Euro-currency banks) in The Bahamas.

Do not include those banks listed in Appendix I. Refer to the latest available list of **Banks & Trust Companies** found at www.centralbankbahamas.com →Quick Links →Regulated Entities.

Amounts held with Offshore Financial Institutions form a part of the external assets of the reporting bank.

5. BALANCE WITH FINANCIAL INSTITUTIONS (OUTSIDE THE BAHAMAS)

See notes for items 3 a) and b).

All amounts under this category form a portion of the external assets of the reporting banks.

6. CLAIMS ON MULTILATERAL DEVELOPMENT BANKS (MDBS)

This should reflect any claims on MDBS for the purpose of **national development**.

7. LOANS AND ADVANCES

This account should reflect the aggregate book value of principal balances on all extensions of credit. Include all lending (whether against collateral or not) direct to customers, not included elsewhere. Include plant and equipment beneficially owned by the SFI, which has been leased out. Do not offset loans and advances against deposits even where a legal right of set-off exists under a hypothecation agreement. Do not deduct provisions for loan loss, but show the total outstanding balance with an appropriate entry under Form 1, item 12 (a). Do not include (1) lending to other banks (item 3 and 4) except where funds placed with another bank are hypothecated against the performance of an ultimate borrower from the bank (i.e., record as a direct loan to the borrower), (2) lending by way of discounted bills of exchange and other negotiable paper (item 6).

All loan data should include add on or unearned interest in loan balances. The corresponding interest accruals on loans should be reported as credit balances under 12 (a).

All foreign currency items under 7(a) and all Bahamian dollar items under 7(b) require Exchange Control approval.

All non-performing loan data should be included on a separate line item under the main heading "Loans and Advances".

a) Resident

Resident *is meant to include:-* The Bahamas Government and Public Corporations, Bahamian citizens, Bahamian-owned entities, Companies, Institutions or persons designated as "resident" for purposes under Exchange Control regulations.

NEW

Of which: B$ Loans Fully Collateralised by Deposits

State the amount of the B$ residential loans which are fully collateralised by deposits.

NEW

Of which: B$ Loans Partially Collateralised by Deposits

State the amount of the B$ residential loans which are partially collateralised by deposits.

NEW

Of which: B$ Loans Collateralised by Real Estate

State the amount of the B$ residential loans which are collateralised by real estate.

Of which: B$ Loans Collateralised by Chattel

NEW

State the amount of the B$ residential loans which are collateralised by chattel.

(i) Government

Includes all government ministries, departments and Family Island accounts operated by commissioners on behalf of the Government. See Appendix III.

(ii) Public Corporations/Public Financial Institutions

See Appendix II for a listing of these institutions.

(iii) Public Financial Institutions

See Appendix II for a listing of these institutions.

(iv) Mortgages

Include credit granted for the purpose of demolishing, modernizing and building commercial, industrial, or residential structures; e.g. roads, bridges, harbours, airports, houses, factories, hotels, etc.

(a) Residential Mortgages

Include credit to individuals secured by mortgages on residential properties (both freehold and leasehold) which are or will be occupied by the borrower, or which are rented, where such loans are fully secured by a first property charge.

Of which: Equity Loans

State the amount of the residential mortgages which are equity loans.

(b) Commercial Mortgages

Include credit granted for commercial and industrial structures.

(v) Others

Include all other sectors of the economy except government and public corporations/financial institutions.

Report all other loans not included in items (i), (ii), (iii) and (iv) e.g., loans to the commercial and industrial sectors for inventories, loans to the personal sector for medical, travel and educational purposes, overdrafts, consolidation of debt, credit cards, etc.

b) Non-resident

Non-resident is meant to include all persons, companies, entities, which are not captured in the definition for ***resident***.

NEW *Of which: B$ Loans Fully Collateralised by Deposits*

State the amount of the B$ non-residential loans which are fully collateralised by deposits.

NEW *Of which: B$ Loans Partially Collateralised by Deposits*

State the amount of the B$ non-residential loans which are partially collateralised by deposits.

NEW *Of which: B$ Loans Collateralised by Real Estate*

State the amount of the B$ non-residential loans which are collateralised by real estate.

Of which: B$ Loans Collateralised by Chattel

NEW State the amount of the B$ non-residential loans which are collateralised by chattel.

(i) Government
(ii) Public Corporations
(iii) Individuals

(iv) Mortgages
(v) Others

Non-resident items form a part of the external assets of the reporting bank.

8. INVESTMENT (in STOCKS, SHARES AND FUNDS)

Include stocks, shares, bonds, or funds of associate companies and public financial institutions.

a) Domestic Securities

(i) Public Corporation Bonds

All bonds/issues of these corporations.

(ii) Other Domestic Securities

Stocks and shares of resident companies and encompasses holdings in mutual funds and other "pooled" investments.

b) Foreign Securities

Stocks and shares of non-resident companies, securities of foreign governments (such as U.K. and U.S.A. treasury bills)

c) Other Investments

Include the equity investment and the holding of subordinated debt in any **financial** or **non-financial** subsidiary or associated companies. In certain cases, the SFI may be required to report on a consolidated basis.

9. CHEQUES AND OTHER INSTRUMENTS IN THE COURSE OF COLLECTION

Cheques, drafts, etc., drawn on other banks and financial institutions which have not yet been settled.

10. FIXED ASSETS

Represents the book value of all the reporting institutions' premises, machinery and equipment owned or occupied by the bank.

a) Premises

Include the book value of premises owned and occupied by the SFI. Premises owned but rented to other companies or individuals should be entered under item 10 (b).

b) Other Land and Property

Include the book value of all land and buildings owned but not occupied by the SFI.

c) Plant and Equipment

Include only plant and equipment owned by the SFI and used in connection with its business.

11. GOLD and SILVER BULLION

Include all gold and silver bullion beneficially owned by the SFI.

12. OTHER ASSETS

Include all other assets falling under the following categories:

a) Unearned Interest

Interest recorded in advance, but not yet earned; to be reported as a credit balance.

b) Accounts Receivable

Income (interest, commissions) earned or accrued but not yet collected.

c) Suspense Accounts

Represents unposted items held temporarily until offsetting entry is received or posted to the proper account.

d) Other

All other assets not detailed above. Details of items reported in (d) should be listed on Form 2A: Other Assets and Liabilities of the ERS.

13. TOTAL ASSETS

Automated calculation of items (1) through (12)

14. MEMORANDUM ITEMS

a) Encumbered Assets

Include assets of the SFI over which a charge has been taken by any company or individual e.g. property which has been mortgaged, securities which have been pledged as collateral for borrowings.

b) Related Party Loans and Advances

NEW c) Wire Transfers

NEW d) Stored Value Cards

NEW e) Lombard Loans

NEW f) Number of B$ Loans Fully Collateralised by Deposits

NEW g) Number of B$ Loans Partially Collateralised by Deposits

h) Number of B$ Loans Collateralised by Real Estate

NEW i) Number of B$ Loans Collateralised by Chattel

15. CONTINGENT LIABILITIES

a) Acceptances

Include all acceptances given by the SFI that are still outstanding, excluding any which the SFI has itself discounted (Assets Item 5).

b) Guarantees given on behalf of group companies

Include all guarantees given by the SFI in respect of financial arrangements entered into with group companies.

c) Guarantees given on behalf of customers

Include all guarantees given by the SFI in respect of financial arrangements entered into with other institutions by customers.

d) Letters of credit

Include all letters of credit given by the SFI that are still outstanding.

e) Loan Commitments

A formal offer by a lender making explicit the terms under which it agrees to lend money to a borrower over a certain period of time. This amount should include all loan commitments, which are outstanding.

16. FOREIGN EXCHANGE FORWARD CONTRACTS: PURCHASES

A forward contract allows a bank, or a bank's customer, to arrange for delivery of a specific amount of currency on a specified future date, at the current market price.

17. UNUSED OVERDRAFTS (FACILITIES OVER $100,000 ONLY)

Facilities over $100,000 granted to customers for business or personal use. This amount should only include the amount of the facility which is unused.

d. Form 2A: Statement of Other Assets and Other Liabilities

This report form provides a breakdown of all other assets and other liabilities on the balance sheet. Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) item number (2) description of the information (as it appears on the form), and (3) additional guidance on reporting. Categories that do not require direct input are shaded.

<u>OTHER ASSETS</u>

Provide a breakdown of Other Assets: Other, item 12(d) on Form 2.

Examples of other assets may include the following: interest receivable, head office or branch accounts, pre-paid expenses, sundry debtors, exchange revaluation gains, stamp inventories or revenues, fees receivable, swap gain and goodwill, etc.

OTHER LIABILITIES

Provide a breakdown of Other Liabilities: Other, item 8(d) on Form 1.

Examples of other liabilities may include the following: interest payable, loss equity swaps, accrued expenses, sundry creditors, head office or branch accounts, unearned income, fees payable, deferred revenue and accrued interest on overseas branch accounts, etc.

e. Form 3: Analysis of Deposits By Depositors

This report form provides a further breakout of all categories of deposit accounts on the statement of liabilities of residents and non-residents.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) description of the information (as it appears on the form), and (2) additional guidance on reporting. Categories that do not require direct input are shaded.

Although client accounts (those for which Bahamians are signatories) are considered resident for Exchange Control purposes (See Notice from the Exchange Control Department), they are treated as non-resident by the Research Department and should be reported as such on Form 3.

Resident

i) Government

Deposits of Government and related ministries and departments. For Family Island branches of Nassau based banks, accounts operated by Family Island Commissioners on behalf of the Government should be included here. ***A further disaggregation of Government deposits is requested in the Memorandum item.*** See Appendix III for a listing of these accounts.

Memorandum: of which:-

- Central Government - Consolidated Fund Accounts
- Commissioners' Accounts
- Government Ministries/Departments (See Appendix III)
- Deposit Fund

ii) Public Corporations

Includes deposits of non-financial public corporations. See Appendix II for a listing of these institutions.

iii) Public Financial Institutions

Includes deposits of The Bahamas Development Bank, The Post Office Savings Bank and Bahamas Mortgage Corporation. See Appendix II for a listing of these institutions.

iv) Private Financial Institutions

Includes deposits of investment fund companies, insurance companies, finance companies, cooperative societies, credit unions, hire purchase companies, etc.

v) Business Firms

Include deposits of companies engaged in commercial activity for profit.

vi) Private Individuals

Include deposits of individuals for self-benefit or of their households.

vii) Other

Includes deposits of charitable, non-profit organisations such as sporting clubs, churches, pension funds of public corporations, businesses, etc.

Non-resident

See definition for non-resident as stated in Appendix IV.

f. Form 3C: Analysis of Foreign Currency Deposits of Residents

This report form provides a breakdown of all listing of foreign currency deposits of residents on the balance sheet and in particular, data reported on Form 3: Analysis of Deposits by Depositors. In addition, information is required for a breakdown of deposits for client accounts. This form is also a requirement of the Exchange Control Department.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) description of the information (as it appears on the form), and (2) additional guidance on reporting. Categories that do not require direct input are shaded.

Client accounts

i. Accounts of which Bahamians are signatories. They are considered resident for Exchange Control purposes, whereas they are treated as non-resident by the Research Department.

ii. The following outline is suggested for reporting these accounts:

E.g. DEMAND DEPOSITS

Client Accounts

1.	Name of Client	$
		$
	Total	$

g. Form 4: Analysis of Loans and Overdrafts Classified By Sector, Currency and Maturity

This form provides a breakdown of all loans and overdrafts classified by sector, currency and maturity on the balance sheet. Also, the form seeks to classify these items by on-balance sheet exposures and off-balance sheet exposures.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) item number (2) description of the information (as it appears on the form), and (3) additional guidance on reporting. Categories that do not require direct input are shaded.

The lending classification adopted for this schedule is based on the "United Nations International Standard Industrial Classification of All Economic Activities".

Loans and advances outstanding are to be classified according to **original maturity** and according to the **MAIN** economic activity of the borrower. The number of loans and advances in each category should also be reported. Only credit actually extended should be reported. ***(Unused commitments to lend, whether on loans or overdrafts, should NOT be included.)***

All loan data should include unearned interest in loan balances. The corresponding unearned interest on loans should be reported as credit balances under 12(a) on Form 2, ASSETS.

Include past due loans for which payments are not being made in accordance with the terms of the agreement; normally accounts for which loan payments are three months or more past due as of the date of the monthly reports. Do not include debts which have actually been written off the bank's books. Only outstanding principal values (excluding interest) should be reported.

Exclude lending to Authorised Dealers and Agents (see Appendix I) but include all other lending as well as bills discounted. Lending in all currencies, whether made for fixed or working capital purposes.

1. AGRICULTURE

Lending for agricultural production, including livestock raising, should be included under this heading.

Further processing of primary commodities into a more refined form constitutes manufacturing and should be thus classified.

a) Livestock and Dairying

Lending to owners and operators of poultry, cattle, and pig farms who produce milk, eggs, meat, etc. for the market.

Lending to firms specialising in the processing of meat and dairy products should be reported under manufacturing.

b) Food Crops

Lending to farmers engaged in the production of green vegetables, root crops, legumes, etc.

c) Other Agriculture

All lending granted for agricultural purposes which is not classifiable under the above subheadings.

In an attachment to the schedule, please specify significant items; i.e., those in which ten percent of total lending granted to any one particular sector.

2. FISHERIES

Lending to firms engaged commercially in catching, taking, or gathering of fish and other sea products.

Canning, preserving, or processing of fish and other sea products should be reported under the manufacturing items "Food and Non-alcoholic Beverage."

3. MINING AND QUARRYING

Lending to firms and individuals directly engaged in extracting and dressing materials occurring naturally.

Include extraction from the earth of building and monumental stones, clays, sands, and gravels.

4. MANUFACTURING

Lending granted to individuals or businesses engaged in the physical or chemical transformation of inorganic or organic products into new products irrespective of whether the work is done manually or mechanically.

a) Food and Non-alcoholic Beverages

Lending to firms engaged in the production of:

- edible oils and fats
- bakery and dairy products
- jams, jellies, condiments
- soft drinks and concentrates, colas, mineral water, tonics, etc.
- fruit juices etc.
- preparing and preserving poultry, fish, and other animal products
- canning and preserving meat, fruits and vegetables
- all other food and non-alcoholic beverages.

b) Alcoholic Beverages and Tobacco

Lending to individuals and firms engaged in the production of beverages containing alcoholic spirits, e.g. rum, falernum, beer, wines, etc.; also for the production of cigars, cigarettes, pipe tobacco, and other tobacco products.

c) Building Materials and Metal Products

Lending to establishments engaged in the production of:

- wrought iron fixtures, fittings and furniture
- aluminium awnings, frames, and fixtures
- steel rods, frames and fittings, and vehicle bodies
- cement and concrete products, decorative blocks, ceramics, marble, etc.
- glass products used in construction
- all other building materials and metal products

d) Furniture and Other Wood Products

Lending to businesses engaged in the making of:

- all types of furniture whether for home, commercial, or industrial use, e.g. chairs, beds, tables, desks, cupboards, wardrobes, etc. all of wood or mostly wood.
- other fixtures, panelled louvered doors, fitted cupboards and cabinets, and other wood products.

e) Textiles, Clothing, and Accessories

Lending to businesses and individuals engaged in the manufacture of fabrics and the making of clothing, drapes, and soft furnishings, etc.

Accessories include products from precious, semi-precious, and other metals and stones and from shells, leather, etc.

Include also lending to manufacturers of sporting equipment and leather products.

f) Petro-Chemicals, Chemicals, and Plastic Products

Lending to manufacturers of drugs and medicines, perfumery and cosmetics, industrial chemicals, liquids and gaseous fuels, lubricants, plastic and plastic products, paints and enamels, soaps and detergents, and fertilizers.

Do NOT include lending for oil exploration or production.

g) Other Manufacturing

Lending to manufacturers of products not classifiable under the above manufacturing subheadings.

Please specify significant items, i.e. those in which ten percent of total lending to manufacturing is granted to any other particular class of industry.

5. DISTRIBUTION

Lending to companies or individuals engaged primarily in the import and export of goods or in the local distribution of goods by commission agents, wholesalers, retailers, and other.

a) Commission Agents

Lending to firms for the purpose of financing the purchase, shipping, insurance freightage and storage of goods on consignment to wholesalers.

b) Wholesale Trade

Lending to merchants engaged primarily in the business of distribution of goods to other wholesalers or retail traders, as well as importers and exporters.

c) Retail Trade

Lending to department stores, supermarkets, shops, petrol filling stations, motor vehicle dealers, hawkers and peddlers, and others selling new or used goods to the general public.

d) Other

Lending to distributors who sell directly to the end customer and those who provide after-sales service.

6. TOURISM

Lending to owners and operators of hotels, apartments, guest houses, and other lodging places should be classified under this heading, whether the credit is for financing of construction, equipment, furniture, food, etc.

Restaurant facilities operated only in connection with the provision of lodging are included in this category and NOT under Entertainment and Catering.

a) Hotels

Lending to operators of large establishments with single or double rooms but with no elaborate lounging or cooking facilities attached to each room; i.e., there must be a common dining area.

b) Apartments

Lending to operators of establishments which are self-contained and include culinary facilities. Include here also apartment/hotels.

c) Other

Lending to operators of smaller establishments such as guest houses, motels, etc.

7. ENTERTAINMENT AND CATERING

Lending to owners and operators of cinemas, night clubs, yacht and sporting clubs, amusement parks, professional musicians and theatre groups, restaurateurs, and to other eating and drinking establishments, art galleries, museums, bowling, renting of pleasure boats, cycles, or horses or any other recreational services.

8. TRANSPORT

Lending to operators of bus and taxi services, trucking and removal companies, shipping and air freightage, storage, and warehousing.

9. PUBLIC CORPORATIONS

Lending to public corporations. These include loans and advances to corporations providing services such as electricity, telephone and water as well as loans to all other public corporations.

See Appendix II for a list of all public corporations.

Total Public Corporations loans plus total Public Financial Institutions loans should be equivalent to the sum of Asset Item, Section 5(a)(ii) Public Corporations and Section 5(a)(iii) Public Financial Institutions on Form 2.

10. CONSTRUCTION

a) Land Development

Lending for construction involving the development of land for commercial, industrial, or residential purposes should be classified under this heading. This involves the construction of basic requirements and facilities such as roads, bridges, drains, sewers, etc., also the laying of pipe lines for water, gas, telephone and electricity and all other basic facilities which the Town Planning Office determines from time to time.

b) Other Construction

Lending for the construction of buildings and other structures above ground level whether of stone, steel, or wood, as well as underground storage, parking, or other facilities.

(i) Private Residences

Lending to businesses engaged in building homes for residential purposes. Houses built for subsequent letting or sale for which a loan is contracted should be classified under this heading.

Do not include lending to an individual to build a house; instead record it under the personal lending category, in particular, residential mortgages item 15(a)(i).

(ii) Commercial and Industrial

Lending to promoters and building contractors engaged in the business of erecting structures for commercial and industrial activities, whether they are to be let or subsequently resold to the owners of commercial and industrial enterprises.

11. GOVERNMENT

Lending granted directly to the central government.

12. PUBLIC FINANCIAL INSTITUTIONS

Lending to all public financial institutions, i.e., Bahamas Development Bank, and the Bahamas Mortgage Corporation.

See Appendix II for a listing of these institutions.

See Note to Item 9.

13. PRIVATE FINANCIAL INSTITUTIONS

Lending to insurance companies, investment finance companies, mortgage finance companies, credit unions, thrift or friendly societies, stock brokers, hire purchase companies, etc.

14. PROFESSIONAL AND OTHER SERVICES

Lending to individuals and partnerships providing the services of attorneys-at-law, accountants, auditors, consulting engineers, architects, medical doctors, dental surgeons, real estate agents, data processing, and public relations. Marketing and management consulting are included, as are lending to businesses engaged in repairs, maintenance, laundering and cleaning, and also lending to non-profit organisations such as churches, schools, and welfare associations.

Lending for the purchase of offices, equipment, and for working or other fixed capital purposes should be included under "Professional and Other Services".

The reporting bank should take care to determine the purpose of the loan, ascertaining that the financing is for professional services and not for personal use. Personal lending is reported under that heading.

15. PERSONAL

Lending to individuals for the benefit of themselves and of their households; i.e. lending for personal as opposed to business uses.

a) Housing

(i) Residential Mortgages

Lending to individuals secured by mortgages on residential properties (both freehold and leasehold) which are or will be occupied by the borrower, or which are rented, where such loans are fully secured by a first property charge.

Of which: Equity Loans

State the amount of the residential mortgages which are equity loans

(ii) Home Improvement

Lending for the purpose of repairing, extending and modernising of houses, garage, property, etc.

Houses built for subsequent letting or sale for which a loan is contracted should be classified under this heading.

b) Land Purchase

Lending for the purchase of property for personal use.

c) Other

Lending for consumption goods whether durable or non-durable; e.g., motor cars, travel, domestic appliances, consolidation of debts, education, etc.

16. MISCELLANEOUS

Lending which cannot fit in the various economic and financial sectors included elsewhere in this report. e.g. lending for purchase of new shares and other financial assets, insurance (life and non-life), refinancing etc.

List significant items; for example, ten percent or more of the total lending to the "Miscellaneous" Sector.

17. TOTAL RESIDENT

Automated calculation of items (1) through (16)

18. TOTAL NON-RESIDENT

Lending to non-residents (see Appendix IV for the definition)

h. Form 5: Analysis of Consumer Credit

This report form provides a breakdown of the value of debt outstanding, the value of repayments, the value of new credit extended, number of agreements, number of non-performing accounts and value of non-performing accounts.

The report covers personal (consumer) loans which are:

a. repaid on a regular instalment basis with interest calculated according to the add-on method. The instalment loans generally stipulate minimum down payments and maximum maturities with the balance of the loan and interest paid in fixed amounts over the term of the loan.

b. repaid on a simple interest basis and have equal monthly payments with interest calculated on the declining loan balance. These are normally cash collateralised and are subject to recall i.e. demand loans. Included here would be home equity loans, those secured by mortgages and real estate loans.

According to a Central Bank directive, as at October 1, 1994, all B$ denominated consumer loans are to be granted on a simple interest basis only.

The report covers consumer-type lending. However, in some cases--as in the purchase of taxis and commercial vehicles, items are included although the goods are intended for business use. The distinction to be made here is that these are personal loans made to individuals.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) item number (2) description of the information (as it appears on the form), and (3) additional guidance on reporting. Categories that do not require direct input are shaded.

Include instalment lending and other consumer-type lending falling in the "Professional and Other Services" category on Form 4 when made to individuals.

1. VALUE OF DEBT OUTSTANDING

This refers to the month-end figure after taking into account repayments and new credit extended during the month.

a) Motor Vehicles - (Items 1-3)

As Form 5 shows, this includes all loans to individuals for the purchase of private cars, taxis or rented cars, commercial vehicles, motorcycles, etc.

Exclude lending to car dealers and any businesses dealing in the sale or resale of cars.

b) Furnishings and Domestic Appliances

Loans for furnishings such as draperies, curtains, carpets, chairs, tables and similar household items and domestic appliances as well as durable goods such as washing machines, dryers, refrigerators and freezers. Radios and television sets are also included under this heading.

c) Travel

Loans to individuals to cover travel expenses, whether for business or pleasure.

d) Education

Loans to individuals for the purpose of paying school fees and college tuition.

e) Medical

Loans to cover medical expenses such as doctor and dentist fees, hospital expenses, X-rays, medicine, etc.

f) Home Improvement

Loans made to individuals for repairs, extensions, modernization of houses, garage, property, etc.

g) Land Purchase

Loans made to individuals for the purchase of property for personal use.

h) Debt Consolidation

Loans to individuals to enable incorporation of various debts into a single loan.

If any particular component represents 50% or more of this category's total, the loan should be categorised under that loan heading and not debt consolidation.

i) Credit Card

Credit or lines of credit made available to individuals to charge purchases up to a certain limit; can be secured or unsecured and at fixed or varying required monthly payments.

Should be reported under Personal 'Other' Overdrafts section on Report Form 4 because of the interest rate charged.

j) Miscellaneous

Loans that cannot be classified under the above headings .i.e. weddings, funerals, etc.

On an attached sheet, list significant items; i.e. any lending equal to at least 10% of the total in the miscellaneous category.

2. TOTAL VALUE OF REPAYMENTS

This refers to repayments made during the monthly reporting period.

3. TOTAL VALUE OF NEW CREDIT EXTENDED

This refers to credit granted during the monthly reporting period.

4. NUMBER OF AGREEMENTS

This refers to the loan agreements made during the month and is directly related to item '3' above.

5. VALUE OF NON-PERFORMING ACCOUNTS

These are accounts for which loan payments are non-performing as of the date of the monthly report. Do **not** include debts, which have actually been written off the books. Only principal balances should be included.

6. NUMBER OF NON-PERFORMING ACCOUNTS

This is directly related to item '5' above, referring to the number of accounts for which loans are non-performing.

i. Form 10: Analysis of Inter-Financial Institutions' Transactions

This report form provides details for Bahamian dollar and foreign currency balances "due to" and "due from" authorised dealers and authorised agents on the statements of assets and liabilities.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) item number (2) description of the information (as it appears on the form), and (3) additional guidance on reporting. Categories that do not require direct input are shaded.

The total of these balances for any given period should agree with the respective totals reported for reported items 3(a) and 3(b) on Form 1 and items 4(a) and 4(b) on Form 2.

Deposit placements on behalf of private clients and pension funds should not be reported on this form, but instead in the liabilities categories 1(a), (b), (c) and (d) on Form 1.

Call loans/balances should be reported in “Due to/Due from Demand Deposits”. See Forms 1 and 2 for definition of same.

Demand/Call balances between institutions may differ due to cheques *in* the course of collection and overdrafts. Loans/borrowings may also differ because of overdrafts. However, such differences should not persist in the case of fixed deposits.

Balances reported should be exclusive of interest except in the case of fixed deposits that are going to be rolled over.

j. Capital Composition – Breakdown of Capital Base

This form is divided into the three sections:

- *Section I: Common Equity Tier 1 (CET1) Capital: Instruments and Reserves;*
- *Section II: Deductions (Regulatory Adjustments); and,*
- *Section III: Total Eligible Capital Base.*

Data should only be entered in the white cells; all other cells contain formulas and are protected.

The following list of categories provides a guide to users by (1) item number (2) description of the information (as it appears on the form), and (3) additional guidance on reporting. Categories that do not require direct input are shaded.

Common Equity Tier 1 (CET1) Capital: Instruments and Reserves

This section of the form is comprised of the following components:

1. Common Equity Tier 1 (CET1)

a) 1.1 Ordinary shares/common stock (issued and paid up)

Include the nominal paid-up value of ordinary shares. Where shares have been issued at a premium, the premium should be included under line item 1.2. Do not include the unpaid element of partly paid shares or authorised but un-issued share capital. Also exclude holdings by the SFI of its shares.

b) 1.2 Stock Surplus (Share premiums or additional paid-in capital arising from item 1.1)

Include any share premiums (any amount received in excess of the nominal value of shares) arising from Item 1.1.

c) 1.3 Accumulated Other Comprehensive Income (inclusive of interim other comprehensive income)

Other Comprehensive Income mainly represents items that are temporarily recorded in the SFI’s balance sheet. Examples of these items include: revaluations of property, plant and equipment, changes in the fair value of available-for-sale financial assets. Interim (net) profits and losses earned from months after a SFI’s year-end date etc. Reports should be based on financial year-end and not calendar year-end.

d) 1.4 General or Statutory Reserves (excluding Fixed Asset Revaluation Reserve)

Report the disclosed (i.e. published) current year's positive movement on reserves. Do not report reserves arising from the revaluation of fixed assets.

e) 1.5a Beginning Retained Earnings

f) 1.5b Current year's retained profit / loss

Report only current year's earnings (net of foreseeable charges). For losses, report the disclosed current year's negative movement on reserves. Unpublished losses from the previous accounting period should also be shown here.

g) 1.6 Ending Retained Earnings

Automatically calculated from line items 1.5a and 1.5b.

h) 1.7 Total CET1 Before Deductions

Automatically calculated from line items 1.1 to 1.6.

2. Less: Regulatory Adjustments to Capital

a) 1.8 Valuation Adjustments

Include all positions that are measured at fair value (i.e. adjustments necessary to reduce or increase the fair value of assets or liabilities positions) as calculated in accordance with the relevant accounting standards.

b) 1.9 Goodwill

Include as recorded on the SFI's balance sheet.

c) 1.10 Other Intangible Assets

Include as recorded on the SFI's balance sheet.

d) 1.11 Cumulative Cash Flow Hedge Reserve

Hedging of items that are not fair valued on the balance sheet. Includes projected cash flows (i.e. positive amounts should be deducted and negative amounts should be added back to CET1 Capital).

e) 1.12 Gains & Losses due to changes in own credit risk on fair value liabilities

Include any unrealised gains and losses that have resulted from changes in the fair value of liabilities that are due to changes in the bank's own credit risk or a member of the banking group.

f) 1.13 Expected Losses

Credit loss recognized by the SFI when the accounting provisions is lower than the minimum credit losses.

g) 1.14 Defined Benefit Pension Fund Assets (Liabilities)

Recorded as a positive number in cases where the plan is classified as an asset on the balance sheet (e.g. where an institution is required to make a $20 million contribution but instead contribute of $22 million will result in a pension plan asset of $2 million). The reverse is required in the case of a liability.

h) 1.15 Investment in Own Shares (Treasury Stock)

Include all investments in its own common shares, whether held directly or indirectly. In addition, any own stock that the SFI could be contractually obliged to purchase should be included.

i) 1.16 Reciprocal Cross-Holding in the Capital

Include all reciprocal cross-holdings in the capital that are designed to artificially inflate the capital position (i.e. SFI A holds shares of SFI B in return holds shares of SFI A).

j) 1.17 Non-Significant Investments in Equity

Include investments in CET1 instruments of unconsolidated financial institutions, i.e. holdings in both the banking book and trading book, capital instruments, and underwriting positions, where the SFI does not have a significant investment in those entities.

k) 1.18 Significant Investments in Equity

Include investments in CET1 instruments of unconsolidated financial institutions, i.e. holdings in both the banking book and trading book, capital instruments, and underwriting positions, where the SFI has a significant investment in those entities.

l) 1.19 Any Increase in equity that result from securitised assets

Include any increase in equity capital result from a securitisation transaction, such as that associated with expected future margin income resulting in a gain on sale that is recognised in regulatory capital.

m) 1.20 Other Adjustments

Any undertakings by the bank to absorb designated first level of losses on claims supported by it (e.g. securitisations).

n) 1.21 Total Deductions to Base Capital

Automatically calculated (the sum of line items 1.8 – 1.20)

o) 1.22 Total Eligible Base Capital

Automatically calculated from line items 1.7 less 1.21.

k. Summary Schedule of Total Eligible Capital

This report form provides a calculation of SFIs' capital based on the 2006 Basel Capital Accord. SFIs may refer to the *Draft Guidelines for the Management of Capital and The Calculation of Capital Adequacy (2021)*.

This form is derived based on data collected from other forms within the Financial Return. The summary data is presented here for the purposes of presenting the **credit, operating** and **market risk** capital charges and the calculation of the total risk weighted asset ratio.

Once the form is complete, the capital adequacy ratio will be calculated automatically and measured against *Total Required Capital*. This ratio will be assessed as either **Compliant, Non-Compliant or Critically Non-Compliant.**

Where a SFI's capital is flagged as non-compliant or critically non-compliant, the SFI should provide a written detailed rationale for the breach to the Bank Supervision Department along with a plan of corrective action. Non-compliant indicates that the capital adequacy ratio has fallen below the set ratio, while critically non-compliant indicates that the capital adequacy ratio is within 1% of the set ratio. SFIs should be aware that compliance is assessed against the capital risk weighted ratio set under their prudential norms.

Under the Credit Risk sections, please enter the target capital ratio set for your entity in cell F20. The capital requirement is 10.5% for Host Supervised Banks, 12% for Home Supervised Banks and 17% for Commercial Banks with a minimum CET1 capital ratio of 8%.

Please use the following format to insert target capital ratio, if ratio is 10.5% it should be entered as 0.105.

l. Credit Risk – Standardised Approach

On-Balance Sheet Items

This section of the form performs Risk Weighted Calculations for on-balance sheet items and has been populated, for the most part, from Form 2 – Total Assets. The credit risk capital requirements include exposures that arise from both the banking and trading books.

Capital requirements for credit risk should be calculated with regard to credit/counterparty exposures, including exposures that arise in both the banking and the trading book, while taking full account of allowable credit risk mitigation (CRM). Risk weights (i.e., 0% to 300%) are built into this form. Risk Weighted Assets (RWAs) are calculated separately for each category and exposure type. Once determined, the exposures must be placed in the risk weight bucket appropriate to the overall risk and nature of the counterparty. While SFIs are not permitted to change the risk weight factor, SFIs are permitted to make adjustments under the Adjustment Column (Column H) to any values entered under the column for the Notional Amount (Column G). The adjustment column will reduce the notional amount and the adjusted net asset which are risk weighted. If the adjustment relates to an offset for collateralisation , SFIs should take into account collateral that is in accordance with the definition for "fully collateralised" set out in the Large Exposure Guidelines, 2013 (also see Definitions at Appendix IV). ***SFIs are required to insert a comment when making adjustments in this section.***

The simple standardised approach will be used to determine the applicable risk weights. SFIs are allowed to apply CRM techniques to reduce the capital requirement for an exposure where a transaction is secured by eligible collateral, guarantee or netting arrangements. All other CRM Techniques and financial collateral (i.e. not listed in the Draft Bahamas Capital Regulations and Guidelines, 2020) **are not eligible**.

Netting is permitted for on-balance sheet items for deposits and loans when calculating the capital adequacy. Deposits will be added in as collateral and loans as exposures. The effects of credit risk mitigation must not be double-counted so that no additional recognition for credit risk mitigation for regulatory capital purposes will be permitted for exposures where the risk weight applied already reflects that credit risk mitigation.

The components of the CR On-balance Sheet include:

1. Cash Items

   Line 1.1 and 1.5 are automatically populated from Form 2. Line 1.2 to 1.4 is populated using the breakdown of the amount reported in Form 2 – Item 11. Line 1.6 is completed by reporting all exposures collateralised by cash deposits.

2. Sovereign Securities

   These include Treasury Bills, registered stock, and other securities. Line 2.1 is automatically populated from Form 2 – Item 3a. Other Governments include claims on all other Sovereigns securities except The Bahamas Government based on their credit assessment. These items should relate to Form 2 – Item 3b.

3. Claims on Sovereigns and the Central Bank

   These are claims to sovereigns and their central bank. Line 3.1 includes Form 2 – Item 2 and any other claims to the Central Bank of The Bahamas denominated in the domestic currency. Line 3.2 include organisations like the International Monetary Fund (IMF) and the Bank for International Settlements (BIS). Line 3.3 includes all other Sovereigns and their central banks found in Form 2 – Item 7: Resident and Non-Resident Government according to their credit assessment.

4. Claims on Non-Central Government Public Sector Entities (PSEs)

   This section has three parts: (1) Treatment as Sovereign, (2) Treatment as Bank, and (3) Treatment as Corporate. Claims on domestic PSEs guaranteed by the Government of The Bahamas will be assessed an equivalent risk weight of the sovereign and will carry a risk weight of 0%. Claims on domestic PSEs not guaranteed by The Bahamas central government and the PSE does not participate in a competitive market will be assessed an equivalent risk weight as claims on banks. Claims on domestic PSEs not guaranteed by The Bahamas central government and the PSE participates in a competitive market will be assessed an equivalent risk weight as corporates.

   PSEs are defined as:

   (1) local authority that is able to exercise one or more functions of the central government at the local level with explicit guarantee arrangements;

   (2) an administrative body or non-commercial undertaking responsible to, or owned by, a central government or local authority, which performs regulatory and non-commercial functions;

   (3) public corporations;

   (4) public non-financial institutions; and

   (5) public financial institutions.

   Include Resident & Non-Resident Public Corporations and Public Financial Institutions found in Form 2 – Item 7 to complete this section.

5. Claims on Multilateral Development Banks (MDBs)

   For the purposes of calculating capital requirements, a Multilateral Development Bank (MDB) is an institution created by a group of countries that provides financing and professional advice for economic and social development projects. MDBs have large sovereign memberships and may include both developed countries and/or developing countries. Each MDB has its own independent legal and operational status, but with a similar mandate and a considerable number of joint owners. Highly rated MDBs that meet the eligibility criteria (See 20.10) and are rated AAA to AA- will be risk weighted at 20%. All other MDB exposures will be risk weighted at 100%. An example of an MDB is the World Bank Group.

Line 5 is automatically populated from Form 2 – Item 6. SFIs are required to break down the treatment of MDBs according to their credit assessment in Line 5.1.1 to 5.1.6.

6. Claims on Banks

This section has three parts: (1) Exposures with original maturity of more than three months, (2) Exposures with original maturity of three months or less (in domestic currency), and (3) Exposures with original maturity of three months or less (in foreign currency). Items mostly found in Form 2 – Item 4 & 5 will be used to complete this section.

For the purposes of calculating capital requirements, an exposure to banks is defined as a claim to any financial institution that is licensed to take deposits from the public and is subject to appropriate prudential standards and level of supervision.

Line 6.1 includes mostly fixed deposits and other exposures both foreign and domestic with an original maturity date of more than three months. Line 6.2 include mostly demand deposits in domestic currency (BSD) using Form 2 – Item 4 & 5 (Column K). Line 6.3 includes mostly fixed deposits in foreign currency using Form 2 – Item 4 & 5 (Column L and M).

Unrated exposures to Banks will be assigned a risk weight in accordance to their classification of either Grade "A", Grade "B", or Grade "C". The criteria for each rating category is as follows:

Rating Grades	Classification of the Rating Category
A	There is adequate capacity to meet financial commitments (principal and interest) in a timely manner for the projected life of the assets/exposures irrespective of the economic cycles and business conditions. The SFI must meet and exceed the minimum requirement (regulatory capital and buffers). If not publically disclosed or otherwise made available by the counterparty bank, then the counterparty bank must be assessed as Grade B or lower.
B	There is substantial credit risks (i.e. repayment capacities) that are dependent on stable or favourable economic or business conditions. The SFI must meet the minimum regulatory capital but not the buffer requirement. If not publicly disclosed or otherwise made available by the counterparty bank then the counterparty bank must be assessed as Grade C.
C	There is higher credit risk with material default risks and limited margins of safety. Adverse business, financial, or economic conditions are very likely to lead, or have led, to an inability to meet their financial commitments. The SFI do not meet the minimum requirement (regulatory capital and buffers). In cases where there is no breach in the minimum standard but there are concerns on repayment, a SFI can classify the exposure as Grade C.

7. Claims on Securities Firms

These are institutions (i.e. authorised agents) authorised by the Central Bank to deal in Bahamian and foreign currency securities and to receive securities into deposits (i.e. to act as custodians).

For the purpose of calculating capital requirements, they are treated the same as claims on banks provided these firms are subject to supervisory and regulatory arrangements comparable to those under this Framework (including risk-based capital requirements). Where these requirements are not met, such claims will be risk weighted as claims on corporates. Items mostly found in Form 2 – Item 4 and 5 will be used to complete this section.

8. Claims on Corporates

For the purposes of calculating capital requirements, exposures to corporates include exposures (loans, bonds, receivables, etc.) to incorporated entities, associations, insurance companies and other entities with similar characteristics, except venture capital, private equity investments and those which qualify for one of the other exposure classes. Claims on corporates does not include exposures to individuals.

Items mostly found in Form 2 – Item 7: Other will be used to complete this section.

9. Collective Investment Scheme Exposures

Items mostly found in Form 2 – Item 8 c (mutual funds) will be used to complete this section. SFIs should not duplicate items placed in "Investments (Shares and Securities).

10. Investments (Shares and Securities)

Holdings in shares and securities in public sector bonds will be assigned a risk weight of 20%. All other claims in domestic securities and foreign securities should be risk weighted at 100%. Other investments (including Lombard lending found on Form 2 under Memorandum Items) should be risk weighted according to their credit assessment. Investment funds should be included unless they invest in high risk assets, in which case they are categorised as such, or they are fixed income (only debt investments, not equity).

Items mostly found in Form 2 – Item 8 will be used to complete this section.

11. Securitisation

Securitisation exposures can include, but are not limited to the following: asset-backed securities, mortgage-backed securities, credit enhancements, liquidity facilities, interest rates, currency swaps etc.

SFIs should risk weight exposures according to their credit assessments. Exposures with a long-term and short-term credit assessment of AAA to AA – (A-1/P-1) will be assigned a risk weight of 20% and A+ to A- (A-2/P-2) will be assigned a risk weight of 100%. Anything below will be considered a deduction from capital.

12. Retail Portfolios

Exposure can take the form of any of the following: revolving credits and lines of credit (including credit cards and overdrafts), personal term loans and leases (e.g. instalment loans, auto loans and leases, educational loans, and personal finance etc.) and small business facilities and commitments. Mortgage loans are excluded to the extent that they qualify for treatment as claims secured by residential mortgage.

Retail exposures that meet all the criteria will be classified as "regulatory retail" exposures and risk-weighted at 75% (except for past due loans, which need to be reported in "Past Due Exposures"). Other retail exposures are defined as exposures to an individual person or persons that do not meet all of the criteria. Retail exposures secured by residential/commercial real estate must be treated as mortgages below.

Items mostly found in Form 2 – Item 7(a)(v) will be used to complete this section.

13. Residential Mortgages (Residential Real Estate)

Residential real estate exposures will be tied to a Loan to Value (LTV) ratio where the "Loan amount" will be the current exposure amount and "Value" would be determined using the lower of the valuation that the bank holds or the net sale price. In simple terms, the LTV ratio is the amount of the loan divided by the value of the property. Investments in hotel properties and time-shares are excluded from the definition of qualifying residential property.

Items mostly found in Form 2 – Item 7(a)(iv)(a) and 7(b)(iv) will be used to complete this section.

14. Commercial Mortgages (Commercial Real Estate)

This section has two parts: (1) Exposures not materially dependent on cash flow generated by the property "General commercial real estate" and (2) Exposures materially dependent on cash flow generated by the property "Income producing commercial real estate".

Items mostly found in Form 2 – Item 7(a)(iv)(b) and 7(b)(iv) will be used to complete this section.

15. Land Acquisition, Development and Construction (Land ADC)

This section has three parts: (1) Residential land acquisition, development and construction, (2) Uncompleted commercial land acquisition, development and construction, and (3) Completed commercial land acquisition, development and construction.

Land ADC exposures may be treated as a residential mortgage provided that the property was acquired, developed, and built for a one-to-four family residential housing unit or condominium will report under line 15.1. Uncompleted commercial properties will incur a risk weighting of 100% should be reported in line 15.2. When the property is completed (which includes not only physical completion but also occupancy by tenants), the exposure will be reported in line 15.3.

Items mostly found in Form 2 – Item 7(a)(iv) and 7(b)(iv) will be used to complete this section.

16. Past Due Exposures (Over 90 Days)

This section has two parts: (1) Secured past due loans and (2) Unsecured past due loans.

For the purpose of defining the secured portion of the past due loan, eligible collateral and guarantees are treated the same as for credit risk mitigation purposes.

In the case of loans secured by qualifying residential property, when such loans past due for more than 90 days they shall be risk weighted at 100%, net of specific provisions. If such loans are past due but specific provisions are no less than 20% of the outstanding amount, the risk weight applicable to the remainder of the loan can be reduced to 50%. Past due loans fully secured by collateral not recognised under CRM framework are to be risk weighted at 150%.

The unsecured portion of any loan (other than a qualifying residential mortgage loan) that is past due for more than 90 days, net of specific provisions, including partial write-offs, will be risk- weighted as follows:

(1) 150% risk weight when specific provisions are less than 20% of the outstanding amount of the loan; and

(2) 100% risk weight when specific provisions are equal to or greater than 20% of the outstanding amount of the loan.

Items mostly found in Form 2 – Item 7: of which Non-performing Loans (over 90 days) will be used to complete this section.

17. Other Exposures which are not Past Due Exposures

Premises, plant and equipment, other fixed assets for own use, and other interests in realty will be risk weighted at 100%. Included are investments in land, premises, plant and equipment and all other fixed assets of the reporting institution which are held for its own use, including any fixed asset held by the institution as lessee under a finance lease. Other interest in land which is not occupied or used in the operation of the reporting institution's business should also be reported here. Commercial property held other than for the SFI's own use or operations will be risk weighted at 300%.

Intangible assets and goodwill are a deduction and should align with the amount reported on the Capital Composition Tab. Exposures that display equity-like rather than debt-like risk, such as long or short crypto-asset exposures, venture capital and private equity investments are also a deducted.

Exposure to individuals/corporates or other on-balance sheet assets not elsewhere reported will be risk weighted at 100%. Parts of Form 2 – Line 7(b)(iii) not reported elsewhere should be reported here.

Items mostly found in Form 2 – Items 10 and 12 will be used to complete this section.

RWAs is calculated by multiplying column I *(Total exposures after CRM)* by column J (*Risk Weight)*. The total on-balance sheet credit risk assets (K337) is the sum of all of the RWAs and a validation check is provided between Form 2 and total credit risk before CRM.

Scenario 1 – Fully Collateralised Loans

A bank has an exposure in Small Business loans for $1,000,000 (Line 12.2 New CR-ON Balance Sheet form). This has a 75% risk weight. The Small Business Loans are collateralised by $1,000,000 of Domestic Public Corporation Bonds (Line 10.1.1) that carry a 20% risk weight. Assume that this is eligible collateral for Credit Risk Mitigation (CRM) purposes.

Note: Domestic Public Corporation Bonds carries a 20% risk weight, the Central Bank has exercised discretion in requiring a 20% minimum risk weight for the collateral used for CRM. In this case, the risk weights for eligible CRM will remain at 20%.

Calculation:

Uncollateralised Portion = Exposure (net of eligible CRM) * RWA = ($1,000,000 - $1,000,000)*75% = $0

Collateralised Portion = Eligible CRM * RWA = $1,000,000 * 20% = $200,000

Total RWA = $200,000

In order to get $200,000 in the RWA column of the Financial Return (column K) divide the Total RWA ($200,000) by the risk weight percentage of the exposure (0.75), that is, ($200,000/0.75) = $266,667. The $266,667 is now the net exposure value, that is, total (after CRM) column (column I). The value in the CRM column will be the exposure amount ($1,000,000) less the net exposure ($266,667), that is ($1,000,000 - $266,667) = $733,333 in the CRM column (column H).

Item No.	On Balance Sheet Items	($000s)	CRM	TOTAL (after CRM)	Risk Weight (%)	RWA
D	E-F	G	H	I	J	K
11	**Retail Portfolio**	1,000,000	733,333	266,667		200,000
11.1	Individual			0	75	0
11.2	Small and Medium Enterprises (SMEs)	1,000,000	733,333	266,667	75	200,000
11.3	Other Retail Exposures			0	75	0

Scenario 2 – Partially Collateralised Loans

A bank has an exposure in Small Business loans for $1,000,000 (Line 12.2 New CR- ON Balance Sheet form). This has a 75% risk weight. The Small Business Loans are collateralised by $500,000 of Domestic Public Corporation Bonds (Line 10.1.1) that carry a 20% risk weight. Assume that this is eligible collateral for Credit Risk Mitigation (CRM) purposes.

Note: Domestic Public Corporation Bonds carries a 20% risk weight, the Central Bank has exercised discretion in requiring a 20% minimum risk weight for the collateral used for CRM. In this case, the risk weights for eligible CRM will remain at 20%.

Calculation:

Uncollateralised Portion = Exposure (net of eligible CRM) * RWA = ($1,000,000 - $500,000)*75% = $375,000

Collateralised Portion = Eligible CRM * RWA = $500,000 * 20% = $100,000

Total RWA = $475,000

In order to get $475,000 in the RWA column of the Financial Return (column K) divide the Total RWA ($475,000) by the risk weight percentage of the exposure (0.75), that is, ($475,000/0.75) = $633,333. The $633,333 is now the net exposure value, that is, total (after CRM) column (column I). The value in the CRM column will be the exposure amount ($1,000,000) less the net exposure ($633,333), that is ($1,000,000 - $633,333) = $366,667 in the CRM column (column H).

Item No.	On Balance Sheet Items	($000s)	CRM	TOTAL (after CRM)	Risk Weight (%)	RWA
D	E-F	G	H	I	J	K
11	**Retail Portfolio**	1,000,000	366,667	633,333		475,000
11.1	Individual			0	75	0
11.2	Small and Medium Enterprises (SMEs)	1,000,000	366,667	633,333	75	475,000
11.3	Other Retail Exposures			0	75	0

Scenario 3 – Securitisations

A USD$1 million loan secured by a diversified portfolio, which includes both AAA and BBB securities. In the case of an SFI with an exposure in Small Business loans for $1,000,000 (Line 12.2 CR-ON Balance Sheet form), here would be a 75% risk weight.

The Small Business Loans are collateralised by a diversified portfolio valued at $1,000,000 that includes both AAA and BBB debt securities (Item 2: Sovereign Securities). Assume that these securities are eligible collateral for CRM purposes. In the portfolio, AAA debt securities carry a risk weight of 20% and BBB debt securities carry a risk weight of 50%. **Note**: The Central Bank has exercised discretion in requiring a 20% minimum risk weight floor for eligible collateral used for CRM.

Calculation:

Uncollateralised Portion = Exposure (net of eligible CRM) * RWA = ($1,000,000 - $1,000,000)*75% = $0

Collateralised Portion = Eligible CRM * RWA = $1,000,000 * 20% = $200,000

Total RWA = $200,000

In order to get $200,000 in the RWA column of the Financial Return (column K) we must work backwards. We must have ($200,000/0.75) = 266,667 in the Total (after CRM) column (column I). To get $266,667 in the Total after CRM column, we must put ($1,000,000-$266,667) = $733,333 in the CRM Amount column (Column H)

Item No.	On Balance Sheet Items	($000s)	CRM	TOTAL (after CRM)	Risk Weight (%)	RWA
D	E-F	G	H	I	J	K
12	**Retail Portfolio**	1,000,000	733,333	266,667		**200,000**
12.1	Individual			0	**75**	**0**
12.2	Small Business	1,000,000	733,333	266,667	**75**	**200,000**
12.3	Other Retail Exposures			0	**75**	**0**

Scenario 4 – Commercial Mortgage

If, for example, you had a 100% exposure with 2 forms of CRM that carried risk weights for 50% and 75%. Assuming, the two forms of CRM both had a value of $500,000, the calculation would be

Collateralised Portion = Eligible CRM x RWA = $500,000 * 50% = $250,000

Collateralised Portion = Eligible CRM x RWA = $500,000 * 75% = $375,000

Total RWA = 250,000 +375,000 = $625,000

In order to get $625,000 in the RWA column of the Financial Return (column K) we must work backwards. We must have ($625,000/100%) = 625,000 in the Total (after CRM) column (column I). To get $625,000 in the Total after CRM column, we must put ($1,000,000-$625,000) = $375,000 in the CRM Amount column (Column H).

Item No.	On Balance Sheet Items	($000s)	CRM	TOTAL (after CRM)	Risk Weight (%)	RWA
D	E-F	G	H	I	J	K
14	**Commercial Mortgage**	1,000,000	375,000	625,000		**625,000**
14.1	Secured	1,000,000	375,000	625,000	**100**	**625,000**
						0

m. Off-Balance Sheet Assets (Non-Derivative Instruments) – Standardised Approach

This schedule captures information on off-balance sheet or indirect credit instruments. This schedule does not include derivative instruments. In the schedule, credit instruments are classified by category and within each category, the credit instruments are risk-weighted.

Headings are the same as the on-balance sheet section above. Credit conversion rates (i.e., 100% of on-balance sheet items) and risk weights (i.e., 10% to 100%) are built into this form. While SFIs are not permitted to change the conversion or risk weight factor, the SFIs are permitted to make adjustments under the Adjustment Column to any values entered under the column for the Notional Amount. The adjustment column will reduce the notional amount. If the adjustment relates to an offset for collateralisation, SFIs should take into account collateral that is in accordance with the definition for "fully collateralised" set out in the Large Exposure Guidelines, 2013 (also see Definitions at Appendix V). SFIs are required to insert a comment when making adjustments in this section. The Net Assets and Net Risk-Weighted Assets columns will be automatically calculated.

Credit conversion percentages are applicable to off-balance sheet items only. See Schedule 4 of the **Draft Bahamas Capital Regulations, 2020.**

Categories of Credit Instruments

There are five categories of credit instruments:

- Commitments one year and under;
- Commitments over one year;
- Short-term trade letters of credit;
- Transactions-related contingencies and guarantees; and
- Direct credit substitutes, standby letters of credit, repurchases, and forward asset purchases.

SFIs are reminded that all contingent liabilities (as recorded under Item 15 on Form 2: Balance Sheet – Assets) must also be recorded on this form under the applicable categories.

Risk-Weighted Off-Balance Sheet Items

The reporting institution must complete an analysis of all off-balance sheet items in order to (1) identify the correct category (as above), and (2) provide the correct risk weighting (i.e., 10 to 100 percent). Once the correct category and risk weighting are determined, the SFI will input the notional or face value of the item into the return. SFIs are required to provide a breakdown of this information in the white cells.

Following is a summary of risk weights[2]:

Description	Risk Weights (%)
Financial standby letters of credit (conveyed to investment grade depositories or conveyed to non-investment grade depositories with maturities < 1 year)	20
Performance standby letters of credit (conveyed to investment grade depositories or conveyed to non-investment grade depositories with maturities < 1 year)	20
Risk participations in bankers acceptances acquired by the reporting bank (participations in acceptances of other (accepting) banks that the reporting bank has acquired and subsequently conveyed to US and other Investment Grade depository institutions or to non-Investment Grade depository institution with remaining maturities < 1 year)	20
Unused commitments with an original maturity exceeding one year (portion that has been conveyed to US and other Investment Grade	20

[2] Please refer to the Guidelines for the Management of Capital and the Calculation of Capital Adequacy.

Description	Risk Weights (%)
depository institutions and to non-Investment Grade depository institutions for commitments with original maturities of one year or less)	
Securities lent (all others)	20
Financial standby letters of credit (all others)	100
Performance standby letters of credit (all others)	100
Commercial and similar letters of credit	100
Risk participations in bankers acceptances acquired by the reporting bank (all others)	100
Securities lent (portion that represents claims on non-depository institution counterparties that lack qualifying collateral and claims on non-Investment Grade depository institutions with maturities > 1 year)	100
Unused commitments with an original maturity exceeding one year (all others)	100
Assets transferred with recourse	100
All other off-balance sheet liabilities	100

The risk-weighted amount of an off-balance sheet transaction is calculated as follows:

(a) The principal amount (or face value) of the transaction is converted into an on-balance sheet equivalent by multiplying it with a specified credit conversion factor;

(b) The credit equivalent exposure is automatically calculated, and

(c) Multiplying the resulting credit equivalent amount by the risk weight applicable to the counterparty (based on the on-balance sheet assets – risk weightings) or where relevant, the eligible guarantor or collateral security as appropriate.

Total risk weighted assets is a summation of all the amounts in the risk weighted amount columns. Total Required Capital for Off-Balance Sheet Assets is equal to the total RWA X the minimum capital requirement for credit risk.

Exposures without CRM

These columns are completed for exposures, which do not have any allowable credit risk mitigation. The Credit Equivalent Exposure column calculates automatically after inputting the Notional Principal Amount before CCF.

Exposures with CRM

These columns are completed for exposures which have recognised credit risk mitigation. The Credit Equivalent Exposure pre-CRM column calculates automatically after inputting the Notional Principal Amount before CCF. However, SFIs are required to calculate the Credit equivalent exposures post-CRM using the rules outlined under Credit Risk Mitigation. Off-balance sheet netting is not allowed.

Note: If ABC Bank has total off balance sheet exposures of $500,000 but only $200,000 is covered by credit risk mitigation, the $200,000 should be recorded under the Exposures with CRM ($000s) and the $300,000 should be recorded under Exposures Without CRM ($000s). The SFI should not record the $500,000 on both sides.

n. Off-Balance Sheet Assets (Derivative Instruments) – Standardised Approach

This section allows for a detailed breakdown of derivative instruments and is similar to the previous section (Off-Balance Sheet Items (Non-Derivative Instruments)). It also provides information pertaining to the replacement cost of interest rate and foreign exchange contracts.

A derivative is a market related contract where the value is derived from interest rates, foreign exchange rates, or equity or commodity prices. Use of derivatives allows for the transfer, modification or reduction of current expected risks from changes in interest rates, foreign exchange rates, and equity and commodity prices.

Market related contracts are factored into the calculation of a reporting institution's capital adequacy. For market related contracts, the Central Bank is concerned with the counterparty risk which is the risk that the other party in an agreement will default. In the Guidelines for the Management of Capital and Calculation of Capital Adequacy, the Central Bank has indicated the simple approach method provided by the Basel Committee in calculating the credit equivalents for market related contracts i.e., the Replacement Cost Method and the Original Exposure Method. The Replacement Cost Method is perhaps the optimum approach, as it requires that the contracts be marked to market.

Exposures without CRM are completed for exposures, which do not have **any** allowable credit risk mitigations. Exposures with CRM are completed for exposures, which have recognized credit risk mitigations.

To calculate the credit equivalent exposure and the risk weighted amount for exposures without CRM:-

1. Multiply the notional amount by the credit conversion factor
2. Add the replacement cost (current exposure) of the contracts to the product of the conversion factor and the notional principal amount.
3. The credit equivalent exposure is automatically calculated.
4. The credit equivalent exposure is multiplied by the risk weight to determine the risk-weighted amount.

Note: In instances where an off-balance sheet asset comprises of both a portion that is uncovered, and a portion that is covered by CRM, the risk weighted amount will be the sum of the credit equivalent exposure (exposures without CRM) and the credit equivalent exposure post-CRM multiplied by the risk weight.

To calculate the credit equivalent exposure and the risk weighted amount for exposures with CRM:-

1. Follow steps 1 – 3 above.

Banks are required to calculate the Credit equivalent exposures post-CRM using the standardised approach for eligible CRM. Off-balance sheet netting is not allowed unless the requirements are met outlined in the Capital Adequacy Guidelines.

o. Statement of Leverage Ratio NEW

This form provides reporting for the leverage ratio. SFIs may also refer to Schedule 2 of the **Draft Bahamas Capital Regulations, 2020 (Capital Regulations)** and the **Draft Capital Adequacy Guidelines** for further information. Schedule 2 of the Capital Regulations provides a breakdown of the components into on and off-balance sheet exposures for the calculation of the leverage ratio.

The shaded cells are totals or sub-totals. Data should only be entered in the white cells that are left blank; all other cells contain formulas and are protected. The minimum leverage ratio requirement is 6% for commercial banks and 4% for Home and Host SFIs.

Table 1: Summary Comparison of Accounting Assets vs Leverage Ratio Exposure Measure

Item 1 – should show the bank's total consolidated assets as per published financial statements;

Item 2 – should show adjustments related to investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes, but outside the scope of regulatory consolidation as set out in paragraphs 9 and 16;

Item 3 – should show adjustments related to any fiduciary assets recognised on the balance sheet pursuant to the bank's operative accounting framework but excluded from the leverage ratio exposure measure[3] ;

Item 4 – lines 4 and 5 should show adjustments related to derivative financial;

Item 5 – should show adjustments related to securities financing transactions instruments (i.e. repos and other similar secured lending);

Item 6 – should show the credit equivalent amount of off-balance sheet items;

Item 7 – should show any other adjustments;

Item 8 – should show the leverage ratio exposure, which should be the sum of the previous items. This should also be consistent with line 4 of Leverage Ratio below.

Balance Exposures (including Derivatives and Securities Financing Transactions (SFTs)

Item 1.1 – include all balance sheet assets excluding derivatives and SFTs, but including collateral. Data on Total Assets is reported on Form 2 (Statement of Asset & Contingent Liabilities). Data in this cell should correspond to figures as reported in the SFI's financial statements. Liability items should not be deducted.

Item 1.2 – this data is the positive fair values of Derivatives, as reported on the SFI's financial statements from the 'OFF Balance Sheet (Derivatives) Form'. Derivatives include the following: (i) The Replacement Cost (RC) associated with all derivative transactions and (ii) An add-on for Potential Future Exposure (PFE) (i.e. CCF).

Item 1.3 – requires data on the on-balance sheet amounts for Securities financing transactions (SFTs) as reported on the SFI's financial statements. SFTs include transactions such as repurchase agreements, reverse repurchase agreements, security lending and borrowing, and margin lending transactions, where the value of the transactions depends on market valuations and the transactions are often subject to margin agreements.

Amounts may reflect the effects of balance sheet offsetting because of netting agreements and credit risk mitigation only when permitted under the applicable accounting standards.

Items deducted from CET1 Capital (i.e. Item 1.4) and regulatory adjustments (i.e. Item 1.5) must be deducted from the exposure measure. These items can be found in the Capital Composition Form.

Off-Balance Sheet Exposures

These items are automatically populated from the 'OFF Balance Sheet (Non-Derivatives) Form' to determine the Total off-balance sheet exposures.

Item 2.1 are the total off-balance sheet exposure amounts on a gross notional basis for exposures with and without exposures with CRM, before any adjustment for credit conversion factors (CCFs). This includes commitments

[3] Basel III allow banks according to its operative accounting framework who recognise fiduciary assets on the balance sheet, can exclude these assets from the leverage ratio exposure measure provided that the assets meet the IAS 39 criteria for derecognition and, where applicable, IFRS 10 for deconsolidation. SFIs are would be required to disclose the extent of such de-recognised fiduciary items.

(including liquidity facilities), whether or not unconditionally cancellable, direct credit substitutes, acceptances, standby letters of credit and trade letters of credit.

Item 2.2 is the Credit Equivalent exposure amount for exposures with and without CRM with credit conversion factors (CCFs) under the Standardised approach.

Capital and Total Exposures

Item 3.1 represents the SFI's CET1 Capital as reported on the Capital Composition Form. Item 3.2 represents the sum of Item 1 (i.e. total on-balance sheet exposures including derivatives and SFTs) and Item 2 (i.e. total off-balance sheet exposures).

Leverage Ratio

Item 4 represents the leverage ratio of CET1 Capital to Total Exposures based on the end-of-quarter/month amounts.

p. Statement of Operational Risk

This form provides reporting for the Operational Risk. The form establishes the adequate financial resources required to address losses arising from operational risks that may affect a SFI within its business operations. This form is divided into the following sections:

- *Minimum Loss Data Information;*
- *Historical Losses Events;*
- *Business Indicator and Subcomponents; and*
- *Capital Required for Operational Risk*

Data should only be entered in the white cells; all other cells contain formulas and are protected.

Minimum Loss Data Information

The following table is used to calculate the total gross income under the Standardised Approach. Bank activities are divided into eight business lines: corporate finance, trading and sales, retail banking, commercial banking, payment and settlement, agency services, asset management, and retail brokerage. A detailed list of loss event categories and examples can be found in Section 25.17 of the Basel Committee website.

The gross income used should be the current year first and then the two previous years. The gross income defined as net interest income plus net non-interest, should be used for the current year first and then the two previous years. SFIs are required to complete the table manually with the gross income generated from each business activity to a business line (i.e. retail banking related gross income assigned to the retail banking business line. Where a business activity cannot readily mapped, the ancillary function to the activity can be used; where no such option exist, the activity should be included with the business line yielding the highest operational risk. The Total Business Line is automatically calculated.

Historical Losses Events

The following table is to disclose the aggregated losses incurred over a 10-year period. SFIs are required to complete all previous years unless indicated by the Central Bank. **SFIs with less than 10 years of operation are required to complete all relevant years (i.e. a SFI with 3 years of operation will complete Year T, Year T-1, and Year T-2) and advise the Central Bank when submitting to ORIMS**. The data can be entered in the white spaces and all other cells are protected with formulas.

Item 1: This applied to the loss event with a threshold of below $20,000. The total value amount of operational losses incurred for each of the last 10 reporting periods without any mitigated or recovery techniques.

Item 2: The total value amount of the losses that were recovered from the loss event for each of the last 10 reporting periods. Losses that were recovered in another year should be reported in the year that the event was reported.

Item 2a: The portion of the total amount reported in Item 2 for each of the last 10 reporting periods recovered through an insurance claim being submitted. This amount should always be less that Item 2.

Item 3: This line is automatically calculated by netting the gross losses by the recovered amount incurred for each of the last 10 reporting periods.

Item 4: This is the number of risk loss events incurred for each of the last 10 reporting periods.

Item 5: This applied to the loss event with a threshold of between $20,000 and $100,000. The total value amount of operational losses incurred for each of the last 10 reporting periods without any mitigated or recovery techniques.

Item 6: The total value amount of the losses that were recovered from the loss event for each of the last 10 reporting periods. Losses that were recovered in another year should be reported in the year that the event was reported.

Item 6a: The portion of the total amount reported in Item 6 for each of the last 10 reporting periods recovered through an insurance claim being submitted. This amount should always be less that Item 6.

Item 7: This line is automatically calculated by netting the gross losses by the recovered amount incurred for each of the last 10 reporting periods.

Item 8: This applied to the loss event with a threshold of between $20,000 and $100,000. This is the number of risk loss events incurred for each of the last 10 reporting periods.

Item 9: This applied to the loss event with a threshold of $100,000 and above. The total value amount of operational losses incurred for each of the last 10 reporting periods without any mitigated or recovery techniques.

Item 10: The total value amount of the losses that were recovered from the loss event for each of the last 10 reporting periods. Losses that were recovered in another year should be reported in the year that the event was reported.

Item 10a: The portion of the total amount reported in Item 10 for each of the last 10 reporting periods recovered through an insurance claim being submitted. This amount should always be less that Item 10.

Item 11: This line is automatically calculated by netting the gross losses by the recovered amount incurred for each of the last 10 reporting periods.

Item 12: This applied to the loss event with a threshold of $100,000 and above. This is the number of risk loss events incurred for each of the last 10 reporting periods.

The 10-year average will be automatically calculated as an aggregate of the 10 reporting periods. **If a SFI has less than 10 reporting years, the aggregate will be adjusted internally.**

The losses should be **reported** on the basis of accounting date of the loss event. The losses caused by a common operational risk event or by multiple events linked to a single root-event should be grouped and reported as a single loss;

Business Indicator and Subcomponents

This table calculates the Business Indicator (BI) under the new standardised approach for the calculation of the operational risk capital requirements. The BI is comprised of three factors: the interest, leases and dividend component (ILDC); the services component (SC), and the financial component (FC). Further clarification on the components can be found in Section 10.2 on the Basel Committee website. The table should be completed using the current period (T) and the two previous periods.

1. Interest, Leases and Dividend Component (ILDC)

   1.1. Interest income from all financial assets and other interest income (includes interest income from financial and operating leases and profits from leased assets).

   1.2. Interest expenses from all financial liabilities and other interest expenses (includes interest expense from financial and operating leases, losses, depreciation and impairment of operating leased assets).

   1.3. Total gross outstanding loans, advances, interest-bearing securities (including government bonds) and lease assets measured at the end of each financial year.

   1.4. Dividend income from investments in stocks and funds not consolidated in the bank's financial statements, including dividend income from non-consolidated subsidiaries, associates and joint ventures.

2. Service Component (SC)

   2.1. Income received from providing advice and services. Includes income received by the bank as an outsourcer of financial services.

   2.2. Expenses paid for receiving advice and services. Includes outsourcing fees paid by the bank for the supply of financial services, but not outsourcing fees paid for the supply of non-financial services (e.g. logistical, IT, human resources).

   2.3. Income from ordinary banking operations not included in other BI items but of a similar nature (income from operating leases should be excluded).

   2.4. Expenses and losses from ordinary banking operations not included in other BI items but of a similar nature and from operational loss events (expenses from operating leases should be excluded).

3. Financial component (FC)

   3.1. This comprises (i) net profit/loss on trading assets and trading liabilities (derivatives, debt securities, equity securities, loans and advances, short positions, other assets and liabilities); (ii) net profit/loss from hedge accounting; and (iii) net profit/loss from exchange differences.

   3.2. This comprises (i) net profit/loss on financial assets and liabilities measured at fair value through profit and loss; (ii) realized gains/losses on financial assets and liabilities not measured at fair value through profit and loss (loans and advances, assets available for sale, assets held to maturity, financial liabilities measured at amortised cost); (iii) net profit/loss from hedge accounting; and (iv) net profit/loss from exchange differences.

4. Total Business Indicator - the sum of the three components: ILDC, SC and FC.

   4.1. Excluded divested activities.

   Institutions may request approval to exclude certain operational loss events that are no longer relevant to the SFI's risk profile. The exclusion of internal loss events should be rare and supported by strong justification and must be disclosed.

   SFIs that have not received supervisory approval should not complete 4.1. SFIs that have received supervisory approval to excluded divested activities from the calculation of the BI should input the amount in 4.1 and select "Yes" from the dropdown list (I90). SFIs that have selected "No" should seek the necessary approval.

   4.2. Total Business Indicator (Item 4) net of excluded divested activities (Item 4.1).

Capital Required for Operational Risk

The following table outlines the calculation of the (i) Business Indicator Component (BIC), (ii) Internal Loss Multiplier (ILM), (iii) New Standardised Operational Risk Capital Charge, and (iv) Operational Risk Equivalent.

1. The BIC will be automatically calculated by multiplying the total Business Indicator (Business Indicator and Subcomponents – Item 4) by 12%.
2. The ILM will be automatically set as 1.
3. New Standardised Operational Risk Capital Charge will be automatically calculated by multiplying Item 1 (i.e. BIC) and Item 2 (i.e. ILM).
4. Operational Risk Equivalent Asset is automatically calculated by multiplying the Item 3 (i.e. New Standardised Operational Risk Capital Charge) by 12.5.

q. Statement of Assets and Liabilities By Zone

This form provides a breakdown of assets and liabilities by zones A and B based on the balance sheet items. For the most part, the totals from the various forms have already been populated. SFIs may refer to the Banks and Trust Companies (Liquidity Risk Management) Regulations and the Guidelines for the Management of Liquidity Risk for further information, as this form assists with the calculation for the liquidity ratio.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

r. Statement of Investments

This form is for recording the twenty largest investments of all investments which are at least 10 percent of total eligible base capital (the latter taken from the Statement of Capital Adequacy).

All securities that are beneficially owned by the SFI should be reported. Do not include securities held on a fiduciary basis or as collateral for money advanced by the SFI. Securities that have been pledged by the SFI for its borrowing should be included.

The investment level of the exposure should be entered into the form as either 1-High, 2- Medium, 3-Low or 4 – Not Rated. The table below illustrates how the investment level should be utilised. Note that the schedule uses S&P and Moody’s ratings, however the equivalent for other rating agencies that are well known, will also apply.

Investment Level	Standard & Poor’s	Moody’s
1 - High	AA or better	Aa or better
2 - Medium	A	A
3 – Low	Below A	Below A
4 – Not Rated		

International SFIs are also required to complete the *Security Investments* form, contained at the bottom of the Investments form and should represent all Investments as stated on Form 2. A snapshot of the form is displayed below.

	Security Investments ($000s)			
	T Y P E	Book Value	Market Value	Net Unrealized Gain/(Loss)
1	**Total Trading Securities**			0
1.1	Debt			0
1.2	Equity			0
1.3	Other			0
2	**Total Investment and Held-to-Maturity**			0
2.1	Debt			0
2.2	Equity			0
2.3	Other			0
3	**Other (Specify)**			0
3.1				0
3.2				0
3.3				0
3.4				0
3.5				0
4	**Grand Total**	0	0	0

s. Statement of Ten Largest Market Loans

This report form is for recording the ten largest market loans. Input the name of the customer or institution as the customer ID or institution ID will not be accepted.

Data should only be entered in the white cells; all other cells contain formulas and are protected.

Market loans are placements of a financial institutions' funds with other banks.

Market Loans will be assessed for compliance with the Guidelines for the Management of Large Exposures. However, for a single large exposure with a non-related counterparty or a group of non-related counterparties exceeding the 25% threshold, the market loan will be assessed based on the investment grade of the counterparty and in accordance with the general waiver granted by the Inspector on December 13th, 2005, where the counterparty is located in a Zone A country.

The investment level of the exposure should be entered into the form as either 1-High, 2- Medium, 3-Low or 4 – Not Rated. The table below illustrates how the investment level should be utilised. Note that the schedule uses S&P and Moody's ratings, however the equivalent for other rating agencies that are well known, will also apply. SFIs should enter both the actual rating of the counterparty (for example, S& P - AA) as well as the rating agency used in the relevant sections of the schedule. Investment level 1 and 2 may only be used for counterparties in Zone A countries. All other counterparties that are rated should be recorded at investment level 3.

Investment Level	Standard & Poor's	Moody's
1 - High	AA or better	Aa or better
2 - Medium	A	A

3 – Low	Below A	Below A
4 – Not Rated		

In the column labeled "Exempt Exposures", select "Y or N" from the dropdown menu. This is in accordance with Section IV(4) of the Guidelines for the Management of Large Exposures.

t. Statement of Ten Largest Depositors

This report form is for recording the ten largest depositors. Input the name of the customer or institution as the customer ID or institution ID will not be accepted.

Where the same depositor has more than one deposit facility or account, or where depositors are closely related, the deposits should be aggregated for the purpose of this form. Where there are multiple maturity dates, the maturity date column may be left blank.

u. Statement of Large Exposures

This schedule outlines two types of large exposures:

- Central governments (comprises all departments, establishments and bodies of a government located in its domestic territory performing government functions and the embassies, consulates and military establishments of the government located elsewhere);
- Countries; and,
- Sector.

For country exposures, the form will automatically compare the applicable limit against the exposure and flag the exposure as compliant or non-compliant.

The Central Bank will not apply common maximum percentages for SFIs' country exposures but will monitor such exposures on an individual and general basis. SFIs are expected to have internal policies governing country risk and establishing limits where applicable. Pursuant to the Guidelines for the Management of Country Risk, as part of their country risk management process, internationally active SFIs should adopt a system of country exposure limits. Exposure limits should be reviewed and approved at least annually – more frequently when concerns about a particular country arise.

For central government exposures, there is a column labeled "Exempt Exposures", select "Y or N" from the dropdown menu. This is in accordance with Section IV(4) of the Guidelines for the Management of Large Exposures.

This schedule also captures a breakdown of the sectoral exposures information pertaining to the balance sheet exposures. The SFI will be required to select a specific sector from the drop-down menu and complete the other information within the specified row.

v. Large Loan Arrears 31 Days And Over By Individual Non-Bank Counterparties And Groups Of Closely Related Non-Bank Counterparties

SFIs are also required to report to the Central Bank its twenty largest loan arrears to non-bank counterparties as at the reporting date. In reporting the arrears, SFIs should also report separate facilities in arrears granted to the same borrower as an aggregate exposure. Additionally, facilities in arrears to separate counterparties within the same group should be treated as a single group loan arrears and reported in this schedule.

w. Large Exposures To Individual Non-Bank Counterparties And Groups Of Closely Related Non-Bank Counterparties

SFIs are required to report to the Central Bank all large exposures (whether exempt or not) on a monthly basis. SFIs may attach a separate report with the additional exposures should there be more than 20 large exposures[4].

SFIs should list, by name, all exposures to non-bank counterparties which exceed 10% of capital as at the reporting date, and any additional exposures which exceeded 10% of capital at any time during the reporting period. For this purpose, capital is defined as the total eligible base capital.

Specific Reporting Requirements

SFIs should report exposures on a gross basis (i.e., no offsets). However, debit balances on accounts for counterparties may be offset against credit balances on other accounts with the SFI if:

- A legally enforceable right of set off exists in all cases;
- The debit and credit balances relate to the same counterparty or group connected counterparties; and
- The SFI intends to settle on a net basis or to realize the debit balances and settle the credit balances simultaneously. For a group facility a full cross guarantee must also exist before debit balances on accounts may be offset.

SFIs should also report separate facilities granted to the same borrower as an aggregate exposure. Additionally, facilities to separate counterparties within the same group should be treated as a single group exposure and reported in this schedule.

Authorised Dealers are to report twenty exposures, inclusive of those which **may not exceed** 10% of capital.

For all SFIs, in the column labeled "Exempt Exposures", select "Y or N" from the dropdown menu. This is in accordance with Section IV(4) of the Guidelines for the Management of Large Exposures.

x. Form 3B: Analysis of B$ Deposits by Number & Range of Value

This report deals with resident and non-resident Bahamian Dollar Deposits **only.**

Totals reported in the various categories of deposits should be identical to that reported on Form 3.

MEMORANDUM ITEM:

Include all data on interest bearing Demand accounts by range and number.

y. Form 3D: Analysis of B$ Deposits by Number & Range of Value up to $10,000

This report deals with resident and non-resident Bahamian Dollar Deposits, Wire Transfers and Stored Value Cards **only.**

Totals reported in the various categories of deposits should be identical to that reported on Form 3 up to $10,000.

Totals reported in resident or non-resident wire transfers should be identical to that reported on Form 2.

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[4] The definition of large exposures is contained in the Central Bank's Large Exposures Guidelines and Regulations. A large exposure includes any exposure which is equal to or exceeds 10% of the SFI's capital base.

Totals reported in resident or non-resident stored value cards should be identical to that reported on Form 2.

MEMORANDUM ITEM:

Include all data on interest bearing Demand accounts by range and number up to $10,000.

z. Form 5B: Credit Card Report

This form covers data related to the number and value of credit card debt outstanding, credit limit, credit utilised, cash advances, merchant receipts, net payments received, net payments to International vendor, and estimated foreign currency usage as per type of card issued; i.e. Visa, MasterCard, Suncard, Other.

With the exception of the data for number and value of credit card debt outstanding, credit limit and estimated foreign currency usage, the data is ***cumulative*** for the above listed categories.

1. Credit Cards Outstanding

   a) NUMBER OF CREDIT CARDS OUTSTANDING

   This refers to the quarter-end figure by range of card limit.

   b) VALUE OF CREDIT CARDS OUTSTANDING

   This refers to the quarter-end figure by range of card limit after taking into account credit utilised and payments made during the quarter.

   c) TOTAL ACCRUED INTEREST ON CREDIT CARDS OUTSTANDING

   This refers to the quarter-end figure of accrued interest applied to credit cards outstanding.

2. CREDIT LIMITS

   This refers to the **quarter-end** figure of the aggregate limit extended on credit cards outstanding.

3. CREDIT UTILISED

   This refers to the cumulative figure of credit utilised during the quarter in Bahamian dollar and other currencies.

4. CASH ADVANCES

   This refers to the **cumulative** figure of cash advances on credit card debt made during the quarter in Bahamian dollar and other currencies.

5. MERCHANT RECEIPTS

   This refers to the **cumulative** figure of merchant receipts on credit card debt during the quarter in US dollars.

6. NET PAYMENTS RECEIVED

   This refers to the **cumulative** figure of total payments received less cardholder's charge back during the quarter.

7. PAYMENTS TO INTERNATIONAL CARD VENDOR(S)

This reflects **cumulative** payments to and from Visa International or MasterCard in US dollars made during the quarter.

8. ESTIMATED FOREIGN CURRENCY USAGE

This refers to an estimated usage of foreign currency for the **following quarter**.

9. MEMORANDUM ITEMS

a) Minimum Card Limit

This reflects the minimum limit offered on credit card.

b) Maximum Card Limit

This reflects the maximum limit offered on credit card.

c) Interest Rate Charged

This reflects the interest rate charged on credit card.

aa. Form 6: Quarterly Mortgages Report

This form should reflect a further breakdown of residential and commercial mortgages reported on Form 2.

Residential Mortgages should include mortgage loans for single dwelling and "duplex and row buildings" only. In the case of the latter category, the building must be owner-occupied and in the case of a row building should not exceed four units.

Commercial Mortgages should include mortgages for Commercial purposes only i.e. non-owner occupied single dwellings, duplex and row; owner-occupied apartments exceeding four units; new and existing structures, rehabilitation and additions for commercial use.

Any loan(s), further charge, or otherwise that does not relate to mortgage categories state above should not be included on this report form, i.e. no chattel mortgages or further charges to purchase consumer durables such as car, satellites, domestic appliances, etc.

Mortgage loans to staff and preferred customers should be included.

The following categories are applicable for both residential and commercial mortgages.

1) Outstanding Mortgages

The number and value of all mortgages outstanding at the end of the current quarter.

2) Mortgage Loan Commitments

The number and value of all loans committed and not disbursed during the reporting quarter only.

3) Mortgage Loan Disbursements

The total value of all loans actually disbursed during the reporting quarter only.

4) Loan/Market Value Ratio

The percentage financed by your institution for loans committed during the reporting quarter only for new construction and existing structures. This figure represents your institution's equity in the loan and should reflect your lending policy. Alternatively, this ratio can be derived using the loan amount granted vis-à-vis the appraised market value of the asset.

If the ratio of loans of new projects differs from existing ones, please report both separately.

5) Average Interest Rate

The average interest rate charged on loans granted during the quarter for new construction and existing structures.

6) Total Payments for the Quarter on New Construction

The total payments received from customers during the reporting quarter for new construction only i.e., all interest and principal payments and any other payments such as insurance premiums.

7) Total Payments for the Quarter on Existing Structures

The total payments received from customers during the reporting quarter for existing structures only i.e., all interest and principal payments and any other payments such as insurance premiums.

8) Total Payments for the Quarter on Rehabilitation and Additions

The total payments received from customers during the reporting quarter for rehabilitations and additions only i.e. all interest and principal payments and any other payments such as insurance premiums.

9) Foreclosures

Number and Value of foreclosures for residential and business mortgages (those secured by property).

bb. Form 7: Profit and Loss Statement

This form covers income earned and expenses incurred during the three months of the reporting quarter, figures are to be reported on a non-cumulative basis. ***That is, this information is to be reported for the specific quarter only.***

The form refers to the standard March, June, September and December quarters used by the Central Bank, which may differ in some cases from the fiscal quarter-ends of individual institutions. In such cases, **domestic banks** may report data in respect of their fiscal quarters, where for instance, April would correspond to March, July to June, and so on.

This report, unless otherwise specified, is in respect of Resident operations only (i.e. all Bahamian dollar operations and foreign currency operations of residents) for **Domestic Banks only**. **International SFIs are to report on all operations, whether resident or not.**

Kindly ensure that amounts reported for Net Income(Loss) represent actual amounts extracted from balance sheets in respect of Bahamian Dollar operations plus interest earned and expensed on resident foreign currency loans and deposits.

For Domestic Banks, items: IV, V (1) and (2) are in respect of banks' and trusts' offshore or non-residents operations.

Operating Income

Please report all amounts earned (received and accrued) during the reporting quarter from:-

1) Interest Income

Resident

a) Loans (B$ and F/C)

Include interest earned on resident Bahamian dollar and foreign currency loans.

b) Interbank loans /Deposits (B$)

Include interest earned on Bahamian dollar loans and/or deposits due from domestic commercial banks and Other Local Financial Institutions. (See Appendix I)

c) Securities/Investments (B$ & F/C)

Include interest earned on securities/investments; i.e. Bahamas Government Registered Stocks, Treasury Bills and other securities issued in Bahamian dollars or foreign currency by resident entities.

d) Other Interest Income (B$)

Include any interest income earned from processing of letters of credit, guarantees, collections, drafts and money orders, mail and telegraphic transfers, and any source other than (a), (b), and (c) above.

Non-Resident

a) Loans

b) Interbank Loans/Deposits

c) Securities/Investments

d) Other Interest Income

2) Non-interest Income

a) Resident Loan fees (B$ & F/C)

Amounts in respect of resident B$ and F/C loans. Include all fees excluding interest, which is directly related to the contracting and servicing of resident loans and paid by the borrower. For example, commitment fees, closing fees, late payment fees. DO NOT INCLUDE GOVERNMENT FEES.

b) Non-Resident Loan Fees

Include amounts in respect of non-resident loans.

c) Securities Commission (B$)

Fees and or charges arising in the purchase of securities for, and on behalf of residents.

d) Dividend Income (B$)

Self-explanatory

e) Net Foreign Exchange Income (B$)

Income arising from the purchase and sale of foreign exchange to/from residents, including commission.

f) Other Non-Interest Income (B$)

Include service charges on deposit accounts, rental of safety deposit boxes, etc., and all other non-interest income not covered in (a), (b), (c), (d) and (e) above.

Operating Expense

Please state all expenses incurred (paid and accrued) for the reporting quarter on:-

1) Interest Expense

a) Resident deposits (B$ & F/C)

Demand Deposits

Savings Deposits

Fixed Deposits

b) Non-resident Deposits

Include interest paid on demand, savings and fixed deposits due to residents only.

c) Interbank loans and deposits (B$)

Include interest paid on Bahamian dollar deposits and loans due to domestic commercial banks and Other Local Financial Institutions in The Bahamas. (See Appendix I)

d) Borrowings from Head Office (B$)

Include interest expenses incurred on liabilities due to Head Office.

e) Central Bank Loans/Deposits (B$)

Include interest expenses incurred on B$ liabilities due to Central Bank.

f) Other Interest Expense (B$)

Include expenses incurred with resident entities not reported in (a), (b), (c), (d) and (e) above.

2) Non-interest Expense

a) Salaries

Include compensation of all full time employees.

b) Other Staff Expenses

Include overtime, part-time, bonuses, profit sharing, pensions, staff training, NIB contributions; and also housing allowance and other related benefits for expatriate workers, etc.

c) Professional Services Fees

Include fees paid for services rendered by lawyers, accountants, computer firms, etc.

d) Government Fees

Include all payments of stamp taxes, property taxes, business license fees, etc. on account of banks' own operations.

e) Rental Expense

Include rental fees paid for leased buildings, offices, etc.

f) Utilities Expense

Include all expenses connected with use of premises such as electricity, water, janitorial services, etc.

g) Maintenance of Furniture and Equipment

Include maintenance cost of furniture and office equipment, computer equipment, etc.

h) Depreciation Expense

Include depreciation expense for buildings, office equipment, furniture, etc.

i) Other Non-Interest Expense

Include any non-interest expense incurred in communication activities, advertising, entertainment, public relations, stationary costs, travel expenses, postage & courier services, sundry loss:- cash short, fraud, others and any expense other than those in (a)-(h), above.

3) Bad Debt and Provision Expense

a) Provisions (Additions less reversals): Include all new provisions taken less reversals of provisions previously taken when the underlying loan has improved.

b) Loan write-offs: for which no provisions have been established, total value of all loans written off as an irrecoverable debt for the reporting period.

c) Recoveries on loans previously written off.

Net Income (Loss)

Should equal net of Operating Income and Operating Expense and represents actual amounts extracted from balance sheets in respect of Bahamian dollar and foreign operations of Resident entities.

Allocation of Profits

Dividends Paid/Payable: actual amounts repatriated in the reporting period.

Memorandum Items

1) Interest, Dividends, Profits, etc.

a) Received on Foreign Currency Assets

Include amounts earned during the quarter on balances due from non-resident entities. These relate specifically to offshore transactions of Authorised Dealers and Agents, including but not limited to depository and lending activities, equity holdings and investments.

b) Paid on Foreign Currency Liabilities

Expenses incurred on liabilities due to non-resident entities--including but not limited to depository and borrowing activities.

2) Commission, Charges, Fees, etc.

a) Received on Offshore Transactions

Include foreign currency non-interest income earned on transactions with non-resident entities, other than capital gains but including loan and brokerage fees, commissions, taxes, etc.

b) Paid on Offshore Transactions

Include foreign currency non-interest expense incurred in transactions with non-resident entities, including loan and brokerage fees, commissions, taxes, etc.

c) Offshore Management Fees

Include foreign currency management and other fees relating to the management of offshore bank/trust companies and other offshore companies.

3) Employment

a. Number of Employees:

1. Males
2. Females

b. Number of Temporary Bahamian Workers

1. Males
2. Females

c. Number of Bahamian Employees by Job Type:

1. Executive Management
2. Middle management
3. Technical/Non-Management
4. Clerical/Administrative Support
5. Other

d. Number of Bahamian Employees employed permanently in:

1. Local (Commercial) Banking
2. Offshore Banking
3. Trust Administration
4. Other

Include all Bahamians and non-Bahamians employed with your institution, with the Bahamian total classified by ***gender, job type*** (managerial, administrative/supervisory, clerical/secretarial and other) and banking area. ***Totals here should agree with that reported on the Annual Banking Survey for the year-ending position.***

cc. Form 8: Analysis of Payments System

The form covers data related to Cash Dispensers, ATMs and ABMs, Cashless Payments Instruments, Merchant Accounts and Electronic Banking. In addition, this form should cover all operations for the reporting period and relate to payments and settlements data originating from the Real Time Gross Settlement (RTGS) system and the Automated Clearing House (ACH). With the exception of the data for number of network terminals and number of cards in circulation, the data is ***cumulative*** for the respective quarter for the below listed categories.

1) ATMs/ABMs and POS Terminals

This item relates to the number of ATMs/ABMs and Cash Dispensers installed and operated by your institution. This data is to be reported **by island**.

a) Number of Network Terminals

This figure relates to the number of network terminals **installed** and **operated** by your institution.

b) Volume/Value of Transactions

This figure refers to the **volume** (number) and **value** of transactions via network terminals.

2) CASHLESS PAYMENT INSTRUMENTS

These refer to any instrument that allows the holder/user to transfer funds. These are to be reported in **volume** based on the number of transactions and in **value** of Bahamian and foreign currency.

a) Cash cards

This figure refers to the **number** and **value** of cards in circulation that have a cash function; those that are used only in ATMs/ABMs and cash dispensers.

b) Cheques Issued (total)

These are written orders from one party (drawer) to another (drawee) used for settling debts and withdrawing money from banks.

c) Payments by Card

This data refers to instruments/cards that enable the holder/user to transfer or use funds, in particular, debit cards, credit cards and stored value cards.

(i) Debit Cards

Debit cards enable the holder to charge purchases directly to funds on account at a deposit taking institution. May sometimes be combined with another function, i.e. that of a cash card.

(ii) Credit Cards

These are cards in which the holder has been granted a line of credit. It enables the holder to make purchases and/or withdraw cash up to a prearranged ceiling. Interest is charged on the amount of any extended credit.

(iii) Stored Value Cards

These are prepaid cards in which the amount of funds can be increased as well as decreased; a multipurpose prepaid card which can be used for small retail and other payments.

d) Direct Debits

Payments (that may vary in amount and frequency) that are claimed by a specified beneficiary and paid to that beneficiary on the customer's instructions. (Utility payments, retail payments, subscriptions, rent, mortgage payments to another bank, insurance company or credit union, etc.). Please note that a Direct Payment requires that the beneficiary "claim" the payment on each occasion, usually by issuing a bill. A Direct Debit is distinct from a "Standing Order", which is defined as a fixed payment by the bank to a specified party, and continues automatically until cancelled.

e) Direct Credits/Credit Transfers

Transfers of funds from one clearing bank to another on behalf of a customer and unrelated to a specific claim or payment. (Net salary transfers, transfer from parent to child, etc.).

3) MERCHANT ACCOUNTS

These refer to accounts provided to businesses that process transactions electronically. It includes the number of terminal facilities provided by your institution to these entities and the value of transactions arising via these accounts. This data is to be reported **by island**.

a) Number of Terminals

This figure relates to the **number** of terminals issued to businesses to conduct electronic transactions.

b) Value of Transactions

This figure refers to the **value** of transactions in Bahamian and foreign currency occurring via merchant accounts.

4) ELECTRONIC BANKING

This refers to accounts granted by your institution to customers permitting them to conduct transactions electronically, by internet or telephone. The data is to be reported **by island** with the exception of D (iii).

a) Registered Residential Users

This figure refers to the **number** of electronic accounts held by residential customers. Residential customers include **private individuals** and **households**.

b) Registered Business Users

This figure refers to the **number** of electronic accounts held by business customers. Business customers include **private financial institutions** (insurance companies, mutual fund companies, credit unions, cooperative societies), and **business firms**.

c) Registered Users Public Sector

This figure refers to the **number** of electronic accounts held by the public sector. The public sector includes accounts of the **Government and related ministries and departments** and those of **public corporations** and **public financial institutions**. See Appendix II and Appendix III for listing.

d) Other Registered Users

This figure refers to the **number** of electronic accounts held by **'Other'** customers. Other customers include accounts of **charitable**, **non-profit organisations** (churches, sporting clubs, pension funds of public corporations and business firms).

dd. Quarterly Statement of Fiduciary Assets

This form allows for the gathering of data on assets under management and assets under custody.

Input is required to the white cells only and amounts should be entered in Bahamian dollars to the nearest thousand.

1) Total value of Fiduciary Assets – Breakdown by Asset Class

   Total – automatically calculated.

   a) Assets Under Management

      Assets held on behalf of customers by a SFI but which may be managed for investment purposes by an external asset manager (i.e. assets within a Trust structure held with External Asset Managers).

      Total – automatically calculated.

      (i) Deposits

         Include all fiduciary deposits.

      (ii) Capital Market Instruments

         Include all capital instruments.

      (iii) Other (Please Specify)

         Include any other fiduciary assets

   b) Assets Under Management

      Securities portfolios with respect to which an advisor (or investment company) provides continuous, regular and active supervisory or management services. These balances include those where the investment management function is performed by the SFI itself and not an external manager (i.e. assets held under a discretionary or advisory investment portfolio where the Bahamian entity provides the investment management or advisory services).

      Total – automatically calculated.

      (i) Deposits

         Include all fiduciary deposits.

      (ii) Capital Market Instruments

         Include all capital instruments.

      (iii) Other (Please Specify)

         Include any other fiduciary assets.

c) Assets Under Custody

Client funds or securities, held in custody directly or indirectly by an advisor (or investment company) on their behalf, or where the advisor (or investment company) has any authority to obtain possession of them (i.e. assets physically custodied in The Bahamas.

Total – automatically calculated.

(i) Deposits

Include all fiduciary deposits.

(ii) Capital Market Instruments

Include all capital instruments.

(iii) Other (Please Specify)

Include any other fiduciary assets.

Where assets under administration and are also managed for investment purposes by an SFI, these balances should be reflected **ONLY** under “Assets Under Management”. The **total value** reported on the Statement of Fiduciary Assets should equal the total Off-Balance Sheet/Fiduciary Assets held by an SFI on behalf its customers.

2) Total Number of Investment Holding Structures/ Vehicles International Business Companies

a. Investment Funds/Collective Investment Schemes
b. Trusts
c. Limited Liability Companies (LLC)
d. Private Trust Companies
e. Foundations
f. Bahamas Executive Entities (BEE)
g. Investment Condominiums
h. Individual
i. Other

ee. Maturity-Wise Analysis of Liabilities And Assets

This form is designed to serve as a basic tool for monitoring liquidity risk exposure in banks arising out of maturity imbalances. The gap report stratifies all of a bank’s assets and liabilities into time bands based on their maturity date.

Like the other forms, data is entered into the white cells only. Cells other than white will be calculated automatically. Totals on this form should coincide with the totals on the Form 1 and Form 2.

The buckets for the Maturity Analysis are:

- Less than 1 month;
- 1 month to less than 3 months;

- 3 months to less than 6 months;
- 6 months to less than 12 months;
- 1 year to less than 5 years; and
- 5 years and over.

Assets and liabilities should be reported according to their **Contractual** Residual Maturity, that is, the period remaining between the reporting date and the maturity date.

Where a period remaining to maturity is to be entered in months, it should be calculated on a calendar month basis, starting at the reporting date. Items that do not have a specific maturity should be entered in the over 5 years maturity bucket, such as capital items including retained earnings, fixed assets, etc. However, **notes & coins and items in transit such as accounts receivable and suspense accounts** should be entered in the less than 1-month bucket.

Net Position

At the bottom of the schedule, the ERS will calculate the net position i.e., the net difference or gap between the assets and liabilities and the cumulative net position.

ff. Interest Rate Sensitivity of Liabilities And Assets

This form is designed to serve as a basic tool for measuring mismatches between rate sensitive liabilities and rate sensitive assets. An asset or liability is normally classified as rate sensitive if: -

- Within the time interval under consideration, there is a cash flow;
- The interest rate resets/repriced contractually during the interval;
- It is contractually pre-payable during the interval;
- It is dependent on the changes in interest rate.

The interest rate sensitivity analysis form is generated by grouping rate sensitive liabilities and assets positions into time buckets according to **contractual** residual maturity or next re-pricing period**, whichever is earlier.** All investments, advances, deposits, borrowings, purchased funds, etc. that mature/re-price within a specified timeframe are interest rate sensitive. The interest rate sensitivity analysis schedule indicates whether the institution is in a position to benefit from rising interest rates by having a positive gap i.e., rate sensitive assets greater than rate sensitive liabilities or whether the institution is in a position to benefit from declining interest rates by a negative gap i.e., rate sensitive liabilities greater than rate sensitive assets.

Like the Maturity Analysis Schedule, data is entered into the white cells only. Cells other than white will be calculated automatically.

The buckets for the interest rate sensitivity analysis are:

- Less than 1 month;
- 1 month to less than 3 months;
- 3 months to less than 6 months;
- 6 months to less than 12 months;
- 1 year to less than 5 years;
- 5 years and over;
- Variable Rate; and
- Non-interest Bearing

Variable rate loans and deposits can change the rate paid or received with reference to an existent standard such as the base rate or prime rate at the bank's discretion without the client's consent and at any time. Items which are non-interest bearing should be entered in the **Non-interest Bearing** bucket. Some examples of these items would be: non-interest bearing demand deposits, capital items, fixed assets, notes and coins, etc.

Net Position

As figures are inputted for each bucket, the ERS will calculate the net position and the cumulative net position.

gg. Investments by Currency Type

This form is designed to collect information on reporting SFIs' market risk exposures. SFI's are to enter information for each exposure based on book and market value.

At "11. Other (please specify)," please provide the total of each investment category on a separate report.

The average maturity is the average time to maturity of all the securities held in the portfolio.

Please state in the "Oth$ Currency" box provided the total investment amounts by currency unit reported in "Oth$" for each type of investment.

As in other forms, input is required to the white cells only and amounts should be entered in United States dollars to the nearest thousand.

1) Government (central government and other)

   Self-explanatory

2) Public Sector Entities

   Self-explanatory

3) Multilateral Development Banks

   Multilateral Development Banks are institutions that provide financial support and professional advice for economic and social development activities in developing countries. The term Multilateral Development Banks (MDBs) typically refers to the World Bank Group and four Regional Development Banks:

   - The African Development Bank
   - The Asian Development Bank
   - The European Bank for Reconstruction and Development
   - The Inter-American Development Bank

   Several other banks and funds that lend to developing countries are also identified as multilateral development institutions, and are often grouped together as other Multilateral Financial Institutions. They differ from the MDBs in a narrower ownership/membership structure or in focusing on special sectors or activities. Among these are:

   - The European Commission and The European Investment Bank
   - International Fund for Agricultural Development
   - The Islamic Development Bank
   - The Nordic Development Fund and The Nordic Investment Bank
   - The OPEC Fund for International Development

A number of Sub-Regional Banks, established for development purposes, are also classified as multilateral banks, as they are owned by a group of countries (typically borrowing members and not donors). Among these are banks such as Andean Development Corporation; Caribbean Development Bank; Central American Bank for Economic Integration; East African Development Bank; West African Development Bank.

4) Corporate Bond

A debt security issued by a corporation and sold to investors.

5) Collective Investment Scheme (e.g. mutual funds)

See Appendix IV for definition.

6) Structured Products

Generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances and/or foreign currencies, and to a lesser extent, swaps.

a) Asset-Backed Securities

A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities.

b) Mortgage-Backed Securities

A type of asset-backed security that is secured by a mortgage or collection of mortgages.

Also known as a "mortgage-related security" or a "mortgage pass through".

c) Asset Swaps

Similar in structure to a plain vanilla swap, the key difference is the underlying of the swap contract. Rather than regular fixed and floating loan interest rates being swapped, fixed and floating investments are being exchanged.

7) Money Market Instruments

Debt instruments issued by private organisations, governments, and government agencies, generally with maturities of one year or less. Such instruments are highly liquid investments, and include Treasury bills, bankers' acceptances, commercial paper and short-term tax-exempt municipal securities, and negotiable bank CDs. Money market instruments are actively traded in the money centre financial markets in New York, London, and Tokyo. Futures contracts on U.S. Treasury bills and certain other money market instruments are traded in the financial futures markets.

a) Certificate of Deposit

A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. The term of a CD generally ranges from one month to five years.

b) Time Deposit

A savings account or CD held for a fixed-term with the understanding that the depositor can only withdraw by giving written notice.

c) Repurchase Agreements

A form of short-term borrowing for dealers in government securities. The dealer sells the government securities to investors at an agreed price and, usually at a stated time. Repos can have a fixed maturity date or callable or open.

For the party selling the security (and agreeing to repurchase it in the future) it is a repo; for the party on the other end of the transaction, (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement.

d) Special Purpose and Resale Agreements

An open market operation in which an institution (such as a Central Bank) purchases securities that are repurchased by the seller the following day. This is designed to lower overnight interest rates and increase the money supply

8) Derivatives, Net

A financial contract whose price is dependent upon or derived from one or more underlying securities. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying security. The most common underlying securities include stocks, bonds, commodities, currency exchange rates, interest rates and market indexes.

a) Swaps

Traditionally, the exchange of one security for another to change the maturity (bonds), quality of issues (stocks or bonds), or because investment objectives have changed.

b) Futures

A financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price. Futures contracts detail the quality and quantity of the underlying asset; they are standardised to facilitate trading on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash.

c) Options

A financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

Call options give the option to buy at certain price, so the buyer would want the stock to go up.

Put options give the option to sell at a certain price, so the buyer would want the stock to go down.

d) Forward Contracts

A cash market transaction in which delivery of the commodity is deferred until after the contract has been made. Although the delivery is made in the future, the price is determined on the initial trade date.

9) Quoted Equities, Net

Stocks, which are traded on the open market, either on a stock exchange or on the over-the-counter market.

10) Unquoted Equities, Net

Equity capital that is not quoted on a public exchange. Unquoted (private) equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity.

hh. Trigger

This form is designed to collect information on reporting SFIs' market risk exposures. SFIs are to enter the following information:

a) Total Trading Book Values
b) Total On and Off-Balance Sheet Items
c) Trading Book Ratio, A/B (%)

ii. IRR-General – US

This form is designed to collect information on reporting SFIs' interest-rate risk on US Dollars. SFIs are required to report each source of Interest Rate Risk exposure by inserting long or short positions within the appropriate Time Bands according to residual maturity. Time Bands are divided into three Zones:

a) Zone 1 – Ranges between 0 months – 12 months
b) Zone 2 – Ranges between 1 year – 4 years
c) Zone 3 – Ranges between 4 years – Over 20 years

Capital Requirements are determined by looking at the matched and unmatched long or short position for each Time Band. The Capital Requirements are divided into the following Capital Charges:

a) Capital Charge 1
b) Capital Charge 2
c) Capital Charge 3
d) Capital Charge 4
e) Capital Charge 5

jj. IRR-General – Great Britain

This form is designed to collect information on reporting SFIs' interest-rate risk on British Pounds. SFIs are required to report each source of Interest Rate Risk exposure by inserting long or short positions within the appropriate Time Bands according to residual maturity. Time Bands are divided into three Zones:

a) Zone 1 – Ranges between 0 months – 12 months

b) Zone 2 – Ranges between 1 year – 4 years

c) Zone 3 – Ranges between 4 years – Over 20 years

Capital Requirements are determined by looking at the matched and unmatched long or short position for each Time Band. The Capital Requirements are divided into the following Capital Charges:

a) Capital Charge 1

b) Capital Charge 2

c) Capital Charge 3

d) Capital Charge 4

e) Capital Charge 5

kk. IRR-General – Euro

This form is designed to collect information on reporting SFIs' interest-rate risk on Euros. SFIs are required to report each source of Interest Rate Risk exposure by inserting long or short positions within the appropriate Time Bands according to residual maturity. Time Bands are divided into three Zones:

a) Zone 1 – Ranges between 0 months – 12 months

b) Zone 2 – Ranges between 1 year – 4 years

c) Zone 3 – Ranges between 4 years – Over 20 years

Capital Requirements are determined by looking at the matched and unmatched long or short position for each Time Band. The Capital Requirements are divided into the following Capital Charges:

a) Capital Charge 1

b) Capital Charge 2

c) Capital Charge 3

d) Capital Charge 4

e) Capital Charge 5

ll. IRR-General – Canadian

This form is designed to collect information on reporting SFIs' interest-rate risk on Canadian Dollars. SFIs are required to report each source of Interest Rate Risk exposure by inserting long or short positions within the appropriate Time Bands according to residual maturity. Time Bands are divided into three Zones:

a) Zone 1 – Ranges between 0 months – 12 months

b) Zone 2 – Ranges between 1 year – 4 years
c) Zone 3 – Ranges between 4 years – Over 20 years

Capital Requirements are determined by looking at the matched and unmatched long or short position for each Time Band. The Capital Requirements are divided into the following Capital Charges:

a) Capital Charge 1
b) Capital Charge 2
c) Capital Charge 3
d) Capital Charge 4
e) Capital Charge 5

mm. IRR-General – Swiss

This form is designed to collect information on reporting SFIs' interest-rate risk on Swiss Francs. SFIs are required to report each source of Interest Rate Risk exposure by inserting long or short positions within the appropriate Time Bands according to residual maturity. Time Bands are divided into three Zones:

a) Zone 1 – Ranges between 0 months – 12 months
b) Zone 2 – Ranges between 1 year – 4 years
c) Zone 3 – Ranges between 4 years – Over 20 years

Capital Requirements are determined by looking at the matched and unmatched long or short position for each Time Band. The Capital Requirements are divided into the following Capital Charges:

a) Capital Charge 1
b) Capital Charge 2
c) Capital Charge 3
d) Capital Charge 4
e) Capital Charge 5

nn. IRR-General – Japanese

This form is designed to collect information on reporting SFIs' interest-rate risk on Japanese Yen. SFIs are required to report each source of Interest Rate Risk exposure by inserting long or short positions within the appropriate Time Bands according to residual maturity. Time Bands are divided into three Zones:

a) Zone 1 – Ranges between 0 months – 12 months
b) Zone 2 – Ranges between 1 year – 4 years
c) Zone 3 – Ranges between 4 years – Over 20 years

Capital Requirements are determined by looking at the matched and unmatched long or short position for each Time Band. The Capital Requirements are divided into the following Capital Charges:

a) Capital Charge 1
b) Capital Charge 2
c) Capital Charge 3
d) Capital Charge 4
e) Capital Charge 5

oo. IRR-General – Other

This form is designed to collect information on reporting SFIs' interest-rate risk on any Other Currencies. SFIs are required to report each source of Interest Rate Risk exposure by inserting long or short positions within the appropriate Time Bands according to residual maturity. Time Bands are divided into three Zones:

a) Zone 1 – Ranges between 0 months – 12 months
b) Zone 2 – Ranges between 1 year – 4 years
c) Zone 3 – Ranges between 4 years – Over 20 years

Capital Requirements are determined by looking at the matched and unmatched long or short position for each Time Band. The Capital Requirements are divided into the following Capital Charges:

a) Capital Charge 1
b) Capital Charge 2
c) Capital Charge 3
d) Capital Charge 4
e) Capital Charge 5

pp. IRR-General – Specific

This form is designed to collect information on reporting SFIs' Specific Interest-Rate Risk. SFIs are required to report each source of Interest Rate Risk exposure by inserting net long or short positions within the appropriate investment grades for Zone A or Zone B Government Securities to determine the Risk Charge and Capital Required. The Investment Grades are as follows:

a) Zone A Government Debt Securities – Include government paper/securities issued by national governments and other governments as approved by the Central Bank.
    a. AAA to AA->
    b. A+ to BBB->
b) Zone B Governments – Include government paper/securities issued by national governments and other governments as approved by the Central Bank.
    a. BB+ to B-
    b. Below B-
    c. Unrated

c) Qualifying Securities – Include securities issued by public sector entities and multilateral development banks and other securities specified by the Central Bank.

qq. Foreign Exchange Risk

This form is designed to collect information on reporting SFIs' foreign exchange risk exposures. SFIs are to enter the following information in the various currencies listed on the form:

a) Net Spot Position

b) Net Forward Position

c) Guarantees

d) Net Future Income/Expenses

e) Net Delta based on Foreign Currency Options

f) Net Open Position

rr. Equity Risk

This form is designed to collect information on reporting SFIs' equity risk exposures. SFIs are to enter the following information on equity instruments:

a) Gross Long

b) Gross Short

c) Gross Equity Position

d) Net Open Position

e) 8% Gross Position

f) 8% Net Position

ss. Commodities Risk

This form is designed to collect information on reporting SFIs' commodities risk exposures. Each commodity position should be expressed in terms of the standard unit of measurement (e.g. barrels, kilos, grams, etc.) and the net position converted at current spot rates into domestic currency. SFIs are to enter the following information on commodity instruments:

a) Gross Long

b) Gross Short

c) Gross Equity Position

d) Net Open Position

e) 15% Gross Position

f) 3% Net Position

tt. Interest Rate Options

This form is designed to collect information on reporting SFIs' interest rate options exposures. SFIs are to enter the following information on interest rate options:

a) Total Long Cash and Long Put

b) Total Short Cash and Long Call

c) Total Long Call

d) Total Long Put

uu. Equity Forex Commodity Options 1

This form is designed to collect information on reporting SFIs' equity forex commodity options exposures. SFIs are to enter the following information on equity forex commodity options at 16%:

a) Total Long Cash and Long Put

b) Total Short Cash and Long Call

c) Total Long Call

d) Total Long Put

vv. Equity Forex Commodity Options 2

This form is designed to collect information on reporting SFIs' equity forex commodity options exposures. SFIs are to enter the following information on equity forex commodity options at 10%:

a) Total Long Cash and Long Put

b) Total Short Cash and Long Call

c) Total Long Call

d) Total Long Put

ww. Equity Forex Commodity Options 3

This form is designed to collect information on reporting SFIs' equity forex commodity options exposures. SFIs are to enter the following information on equity forex commodity options at 18%:

a) Total Long Cash and Long Put

b) Total Short Cash and Long Call

c) Total Long Call

d) Total Long Put

5. Appendix I[5]

Commercial Banks (Authorised Dealers)

• FBB	Fidelity Bank (Bahamas) Ltd.
• BNS	Scotiabank (Bahamas) Ltd.
• BOB	Bank of The Bahamas Ltd.
• CBL	Commonwealth Bank Ltd.
• CIT	Citibank, N.A.
• FCB	FirstCaribbean International Bank (Bahamas) Ltd.
• FIN	Finance Corporation of Bahamas Ltd.
• RBC	RBC Royal Bank (Bahamas) Ltd.
• RFMB	RF Bank & Trust Ltd.

Other Local Financial Institutions (Authorised Agents)

• ANS	Ansbacher (Bahamas) Ltd.
• BNT	Bank of Nova Scotia Trust Co. (Bahamas) Ltd.
• BBL	Butterfield Trust (Bahamas) Limited
• CBT	FirstCaribbean Int'l Trust Co. (Bahamas) Ltd.
• CTR	Cititrust (Bahamas) Ltd.
• COR	Corner Bank (Overseas) Ltd.
• CUB	Capital Union Bank Ltd.
• DBT	Deltec Bank & Trust Ltd.
• EBT	Equity Bank Bahamas Ltd.
• LTL	Leno Trust Ltd.
• MTC	J.P. Morgan Trust Co. (Bahamas) Ltd.

[5] As at 28 February, 2022

6. Appendix II[6]

Public Non-Financial Institutions

- Airport Authority
- Antiques Monuments and Museum Corporation
- Bahamasair
- Bahamas Agricultural and Industrial Corporation
- Bahamas Broadcasting Corporation
- Bahamas Civil Aviation Authority
- Bahamas Electricity Corporation
- Bahamas Maritime Authority
- Bahamas Power & Light Co. Ltd.
- Bahamas Public Parks and Public Beaches Authority
- Bahamas Resolve Ltd.
- Bahamas Water and Sewerage Corporation
- Clifton Heritage Authority
- Deposit Insurance Corporation
- Educational Loan Authority
- Financial Intelligence Unit
- Gaming Board
- Health Facilities
- Hotel Corporation of The Bahamas (in liquidation)
- Insurance Commission
- Lucayan Renewal Holding Ltd.
- Nassau Airport Development Company
- Nassau Flight Services
- National Insurance Board
- National Sports Authority
- Paradise Island Bridge Authority
- Poinciana Holdings Ltd.
- Public Hospitals Authority
- Securities Commission
- University of The Bahamas
- Utilities Regulation and Competition Authority

Public Financial Institutions

- Bahamas Development Bank
- Bahamas Mortgage Corporation

[6] As at 28 August, 2019

7. Appendix III

Departments / Ministries / Commissioners' Accounts[7]

Governor General & Staff	The Senate
House of Assembly	Department of the Auditor-General
Department of Public Service	Cabinet Office
Office of the Attorney-General & Ministry of Legal Affairs	Judicial Department
Court of Appeal	Registrar-General's Department
Prisons Department	Parliamentary Registration Department
Ministry of Foreign Affairs	Office of the Prime Minister
Bahamas Information Services	Government Printing Department
Ministry of Lands & Local Government	Department of Physical Planning
Department of Lands & Surveys	Ministry of Finance
Treasury Department	Customs Department
Department of Statistics	Magistrates' Courts
Public Debt Servicing – Interest	Public Debt Servicing – Redemption
Ministry of National Security	Department of Immigration
Royal Bahamas Police Force	Royal Bahamas Defence Force
Ministry of Public Works & Transport	Department of Public Works
Department of Education	Bahamas Technical & Vocational Institute
Department of Archives	Ministry of Education, Youth, Sports & Culture
University of the Bahamas	The Simpson Penn Centre for Boys
The Willamae Pratt Centre for Girls	Department of Social Services
Department of Housing	Ministry of Housing and National Insurance
Department of Youth & Sports	Department of Labour
Post Office Department	Department of Road Traffic
Department of Meteorology	Ministry of Agriculture and Marine Resources
Department of Agriculture	Department of Marine Resources
Public Utilities Commission	Ministry of Health & Social Development
Public Hospitals Authority	Department of Environmental Health Services
Department of Public Health	Ministry of Tourism & Aviation

[7] Source: Government of The Bahamas – Draft estimates of Revenue & Expenditure for the fiscal year 2007/2009 Ministry of Finance.

As at 31 March, 2018

8. Appendix IV

Definitions

“assets under administration” means financial assets that are managed by a bank or financial institution on behalf of clients. Assets under administration are beneficially owned by clients. For example: financial assets within a Trust structure held with External Asset Managers.

“assets under custody” means client funds or securities, held in ‘custody’ directly or indirectly by an advisor (or investment company) on their behalf, or where the adviser (or investment company) has any authority to obtain possession of them. For example: financial assets physically custodied in The Bahamas.

“assets under management” means the 'securities portfolios' with respect to which an adviser (or investment company) provides continuous, regular and active supervisory or management services. For example: financial assets held under a discretionary or advisory investment portfolio where the Bahamian entity provides the investment management or advisory services.

“**capital base**” means the total of shareholders’ funds plus other capital items permitted by the Central Bank and subject to any deduction required by the Central Bank and reported in the most recent Monthly/Quarterly Statement of Capital Adequacy;

“**capital market instruments**” means those instruments which facilitate the transfer of capital in the financial markets, including stocks, bonds, debentures, T-bills, foreign exchange, fixed deposits, and others;

“**Central Bank**” means the Central Bank of The Bahamas established pursuant to section 3 of the Central Bank of The Bahamas Act;

“collective investment scheme” also referred to as “investment funds”, “mutual funds”, “equity investments in funds” or “funds” are pooled funds that invest in assets, such as bonds, equities or cash. The collective assets owned by the fund are held in a portfolio and they are managed by a professional fund manager.;

“**concessive terms**” means conditions and requirements that are less demanding than or inconsistent with the conditions and requirements imposed upon the general range of non-related-party clients in similar circumstances.

“**contingent liability**” means a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

“**counterparty**” means the borrower (customer), the person guaranteed, the issuer of a security in the case of an investment in a security or the party with whom the contract is made in the case of a contract.

“**connected party**” means:

(a) any party that, either directly or indirectly, controls the counterparty;

(b) any party that is controlled, either directly or indirectly, by any party that controls, either directly or indirectly, the counterparty;

(c) a subsidiary or associate company of the counterparty;

(d) directors, executive officers, senior staff, and controlling shareholders of the counterparty;

(e) directors, executive officers, senior staff, and controlling shareholders of any person identified in (a), (b) and/or (c), above.

“**exposure**” means:

(a) Claims on a counterparty including actual claims and potential claims which would arise from the drawing down in full of undrawn advised facilities (whether revocable, irrevocable, conditional or unconditional), which the SFI has committed itself to purchase or underwrite;

(b) Contingent liabilities arising in the normal course of business and liabilities that would arise from the drawing of undrawn advised facilities;

(c) Holdings of equity capital, bonds, bills or other financial instruments;

(d) Any other assets that constitute a claim on a counterparty for the SFI and which are not included in (a), (b), or (c) above.

"**external accounts**" mean Bahamian dollar accounts of non-residents maintained with Authorised Dealers under general or special permission of the Central Bank of The Bahamas. External Accounts are non-interest bearing and may not be overdrawn.

"**fiduciary deposits**" mean funds deposited in a bank and managed for the benefit of the depositor by the bank.

"**financial service providers**" include Lawyers, Accountants, Real Estate Agents, Management Companies, and other professionals operating in The Bahamas.
NB- **(a)** Companies incorporated in The Bahamas, not specified as International Business Companies (IBCs) are assumed for the purposes of these Guidelines to be incorporated under The Companies Act, 1992.

(b) When applying to open a bank account in the name of a company incorporated in The Bahamas, a formal letter of designation from the Central Bank of The Bahamas should be produced in the following circumstances:

- Companies owned by residents and/or non-residents and/or temporary residents and operating in or outside The Bahamas (not applicable to IBCs).
- IBCs owned by residents, non-residents, or temporary residents and operating in The Bahamas.

"**fully collateralised** " means secured by marketable securities acceptable to the Inspector and cash deposits, including certificates of deposit and equivalent instruments, held with the specific right of offset by and under the exclusive administration of the SFI, where repayment of the deposit is conditional on the repayment of the related extension(s) of credit, and having a market value equal to at least one hundred percent of the extension of credit.

"gross income" means net interest income plus net non-interest income;

"**international business companies**" means companies incorporated under the International Business Companies Act, 2000.

"**investment funds/collective investment schemes**" means a way of investing money with others to participate in a wider range of investments than feasible for most individual investors, and to share the costs and benefits of doing so. A collective investment scheme may also be called mutual funds, investment funds, managed funds, or simply funds.

"**large exposure**" means an exposure which is equal to or exceeds ten percent of capital base of a SFI.

"SFI" means any Bank or Trust company which is incorporated in The Bahamas and which holds a licence granted under section 4 of the Act.

"**non-residents**" for Exchange Control purposes: see Authorised Dealers Guidelines in particular, items 10-14 and 17.

"**related party**" includes-

a. a person that controls, whether directly or indirectly, a SFI;
b. a person that is controlled, whether directly or indirectly, by the person that controls the SFI;
c. the subsidiaries or associate companies of a SFI;
d. the directors, executive officers, senior staff of—

e. any person who, either alone or together with any associate, is entitled to exercise control over ten percent or more of the share capital of—

f. a SFI;

g. any person identified in paragraphs (a), (b) or (c) of this Regulation;

h. The immediate family members of persons identified in paragraphs (a), (d) or (e) of this Regulation;

i. Partnerships, companies, trusts or other entities in which an immediate family member referred to in paragraph (f) of this Regulation, has a controlling interest; and

j. any person that manages or is managed by a SFI under a management contract.

"**residents**" for Exchange Control purposes: Bahamian citizens residing in The Bahamas, Permanent Residents with no restriction on employment and Naturalized Citizens.

"**temporary residents**" for Exchange Control purposes: see details in items 1-6 and 8-9.