

SUPERVISORY DIRECTIVE ON CREDIT EXTENSIONS TO INSIDERS

Definitions

For purposes of this Directive:

- (a) "Bank" means Centrale Bank van Aruba;
- (b) "credit extensions" means: loans, overdraft facilities, guarantees and all other forms of credit, irrespective form or collateral;
- (c) "insiders" means any manager, director and/or qualifying shareholder including partners or relatives in the first and second degree and related/affiliated companies;
- (d) "manager" means any person conducting the day-to-day management of the credit institution and whose function as such has been laid down in the articles of incorporation or any other regulation of the institution and whose appointment has been approved by the Bank;
- (e) "director" means a member of the Supervisory Board of the credit institution or a body with a similar task;
- (f) "qualifying shareholder" means a natural person/legal entity who/that:
 - 1) holds a direct or indirect interest of more than 10% of the issued share capital of the bank; or
 - 2) can exercise directly or indirectly more than 10% of the voting rights in the bank; or
 - 3) can exercise directly or indirectly a similar control in the bank;
- (g) "majority shareholder" means a shareholder as defined under (f) with an interest or voting rights of more than 50%;
- (h) "capital base" means "test capital" (refer to Appendix 7: "Risk-weighted solvency test").

Lending limits

The aggregate amount of all credit extensions to insiders may not exceed 2% of the institution's capital base, or 1% thereof in case of any individual credit extension. The Bank reserves the right to deduct the amount in excess of the 2% limit from the credit institution's test capital.

Related companies

Credit extensions to enterprises in which insiders are a majority shareholder are included in the calculation of credit extensions to insiders. The terms and conditions of credit extensions to insiders may not be more favorable than those granted to non-related borrowers under similar circumstances.

Staff loans

Credit extensions to staff members of the credit institution are excluded from the lending limits to insiders, provided they can be considered fringe benefits and are granted in accordance with the guidelines of the credit institution. The credit institution should seek the redemption of such credits or the conversion thereof into regular terms upon or immediately after the resignation of the relevant staff member. The bank is to establish a written comprehensive policy with regard to credit extensions to staff members.