

SUPERVISION PROFILE
CENTRALE BANK VAN ARUBA
31 December 2013

1. (a) SUPERVISORY AGENCY

Central Bank of Aruba (CBA)

(b) CATEGORIES OF FINANCIAL INSTITUTIONS FOR WHICH IT HAS REGULATORY OVERSIGHT

- Commercial Banks
- Offshore Banks
- Bank-like Institutions
- Credit Unions
- Life Insurance Companies
- Non-life Insurance Companies
- Captive Insurance Companies
- Company Pension Funds
- Money Transfer Companies
- Trust Service Providers

2. ENTITIES UNDER SUPERVISION

Categories	No. of Supervised Entities
1. Commercial Banks	4
2. Offshore Banks	2
3. Bank-like Institutions	3
(a) Mortgage banks..... 1	
(b) Finance companies..... 1	
(c) Other financial institutions..... 1	
4. Credit Unions	2
5. Life Insurance Companies	7
6. Non-life Insurance Companies	13
7. Captive Insurance Companies	4
8. Company Pension Funds	11
9. Money Transfer Companies	3
10. Trust Service Providers	13
Total	62

Type	No.	Names
Commercial Banks	4	<ol style="list-style-type: none"> 1) Aruba Bank N.V. 2) Banco di Caribe (Aruba) N.V. 3) Caribbean Mercantile Bank N.V. 4) RBC Royal Bank (Aruba) N.V.
Offshore Banks	2	<ol style="list-style-type: none"> 1) Citibank Aruba N.V. 2) BBA Bank N.V.
Bank-like Institutions	3	<p>Mortgage Bank</p> <ol style="list-style-type: none"> 1) Fundacion Cas pa Comunidad Arubano <p>Finance Company</p> <ol style="list-style-type: none"> 1) Island Finance Aruba N.V. <p>Other Financial Institution</p> <ol style="list-style-type: none"> 1) AIB Bank N.V.
Credit Unions	2	<ol style="list-style-type: none"> 1) Cooperatieve Spaar- en Kredietvereniging Douane Aruba 2) Cooperativa di Ahorro y Prestamo Aruba
Life Insurance Companies	7	<ol style="list-style-type: none"> 1) British-American Insurance Company (Aruba) N.V. 2) Ennia Caribe Leven (Aruba) N.V. 3) Fatum Life Aruba N.V. 4) Sagicor Life Aruba N.V. 5) American Bankers Life Assurance Company of Florida Limited, Agency 6) American Life Insurance Company, Aruba Branch 7) Pan-American Life Insurance Company of Aruba V.B.A.
Non-life Insurance Companies	13	<ol style="list-style-type: none"> 1) Chartis Aruba Insurance Company N.V. 2) Elvira Verzekeringen N.V. 3) Ennia Caribe Schade (Aruba) N.V. 4) Fatum General Insurance Aruba N.V. 5) NAGICO Aruba N.V. 6) Netherlands Antilles & Aruba Assurance Company (NA&A) N.V. 7) TRESTON Insurance Company (Aruba) N.V. 8) United Insurance Company N.V. 9) Bupa Insurance Company, Agency 10) Royal & Sun Alliance Insurance (Antilles) N.V., Aruba Branch 11) The New India Assurance Co. Ltd., Aruba branch

		<p>12) Stichting Fondo Nacional di Garantia pa Vivienda</p> <p>13) Best Doctors Insurance V.B.A.</p>
Captive Insurance Companies	4	<p>1) Bancarib Real Insurance Aruba N.V.</p> <p>2) Fides Rae Insurance Company N.V.</p> <p>3) MCB Risk Insurance N.V.</p> <p>4) Mondis Manufacturers Insurance Company N.V.</p>
Company Pension Funds	11	<p>1) Lago Annuity Foundation</p> <p>2) Stichting Algemeen Pensioenfonds Aruba</p> <p>3) Stichting Bedrijfspensioenfonds Aruba</p> <p>4) Stichting Fondo di Pensioen di Trahadornan di Empresanan y Fundacionnan Publico</p> <p>5) Stichting Pensioenfonds Caribbean Mercantile Bank N.V.</p> <p>6) Stichting Pensioenfonds Havenwerkers Aruba</p> <p>7) Stichting Pensioenfonds Meta Bedrijven Aruba</p> <p>8) Stichting Pensioenfonds N.V. Aruba Bank</p> <p>9) Stichting Pensioenfonds RBTT Bank Aruba I</p> <p>10) Stichting Pensioenfonds RBTT Bank Aruba II</p> <p>11) Stichting Pensioenfonds Tourist Sector Aruba</p>
Money Transfer Companies	3	<p>1) Union Caribe N.V.</p> <p>2) Global Access Corporation N.V.</p> <p>3) Post Aruba N.V.</p>
Trust Service Providers	13	<p>1) AMTR N.V.</p> <p>2) SGG Management (Aruba) N.V.</p> <p>3) Aruba International Trust Company N.V.</p> <p>4) Arulex Trust Services N.V.</p> <p>5) Ascor Trust (Aruba) N.V.</p> <p>6) C.M.S. Corporate Management Services N.V.</p> <p>7) C.T.F. (Aruba) N.V.</p> <p>8) Euro Trust International N.V.</p> <p>9) Curado Trust (Aruba) N.V.</p> <p>10) IMC International Management & Trust Company N.V.</p>

		11) Nazca Services N.V. 12) Orangefield Trust (Aruba) N.V. 13) United Trust Management (Aruba) UTM N.V.
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3. **PRUDENTIAL INFORMATION/DATA REQUIRED OF LICENSED INSTITUTIONS**

The banks and bank-like institutions are required to submit detailed regulatory reports on a monthly basis. The regulatory reports of December of each year must be certified by an external auditor. In addition, the banks must file yearly, within 6 months after the end of each fiscal year, their audited financial statements and the management letter issued by their external auditor.

4. **DATA PUBLISHED BY SUPERVISORY AUTHORITY**

The CBA publishes aggregated financial sector information. The monthly aggregated financial figures and macro-prudential indicators of the Commercial and Offshore Banks and the Bank-like- and the non-Bank-like institutions are published in CBA's monthly and quarterly bulletins, while the aggregated financial year-end figures as well as the core set of macro-prudential indicators of each financial sector under CBA's supervision are published in CBA's annual Financial Sector Supervision Report¹ and Annual Statistical Digest. Note that these reports and other relevant data of the Financial Sector published by CBA are available on CBA's website www.cbaruba.org.

5. **LEGISLATION GOVERNING THE OPERATION OF FINANCIAL LICENSEES**

The principal pieces of legislation are:

1. State Ordinance on the Supervision of the Credit System (AB 1998 no. 16) (SOSCS)
2. State Ordinance on the Supervision of the Insurance Business (AB 2000 no. 82) (SOSIB)
3. State Decree Captive Insurance Companies (AB 2002 no. 50)
4. State Ordinance Company Pension Funds (AB 1998 no. GT 17)
5. State Ordinance on the Supervision of Money Transfer Companies (AB 2003 no. 60) (SOSMTC)
6. State Ordinance on the Supervision of Trust Service Providers (AB 2009 no. 13) (SOSTSP)
7. Sanction State Ordinance 2006 (AB 2007 no. 27)
8. State Ordinance on the prevention and combating of money laundering and terrorist financing (AB 2011 no. 28)

6. **MAJOR CHANGES OF FINANCIAL STATUTES IN THE LAST TEN YEARS**

1. State Decree Captive Insurance Companies (AB 2002 no. 50)
2. State Ordinance on the Supervision of Money Transfer Companies (AB 2003 no. 60) (SOSMTC)

¹ Up to and including the reporting year 2009, the CBA included this mandated report in its Annual Report. For the years 2010 and 2011, this report formed part of the respective annual reports on Economic and Financial Developments. As of the reporting year 2012, the CBA publishes separate annual reports on financial sector supervision.

3. State Ordinance on the Supervision of Trust Service Providers (AB 2009 no. 13) (SOSTSP)
4. Sanction State Ordinance 2006 (AB 2007 no. 27)
5. State Ordinance on the prevention and combating of money laundering and terrorist financing (AB 2011 no. 28)
6. State Ordinance Amending the Sectoral Supervisory State Ordinances (AB 2012 no. 55).
7. State Decree on the Supervision of Insurance Brokers (AB 2014 no. 6)

7. **AREAS IDENTIFIED FOR FURTHER LEGISLATIVE CHANGES**

In June 2013, a draft law to regulate the investment business has been submitted to the Minister of Finance for his approval.

8. **FORMAL DIRECTIVES, POLICIES, GUIDELINES**

Supervisory Directives applicable to banking institutions

1. Supervisory Requirements (prudential ratios: solvency, liquidity, loan-to-deposit ratio, immobilia-rule, other real estate-to-capital ratio)
2. Large Exposures to a Group of Connected Clients
3. Credit Extensions to Insiders
4. Loan Loss Provisioning
5. Appointment of an External Auditor
6. Publication of the Audited Annual Financial Statements
7. Managing Directors and Members of the Supervisory Board
8. Prospective (In-)Direct Shareholders - Natural Persons
9. Management and reporting of incidents
10. Internal audit in banks
11. The issuance of Multipurpose Prepaid Money Cards
12. Publication on the Effective interest rate (or Annual Percentage Rate (APR)) on Consumer credit

Policy Papers applicable to banking institutions

1. Sound Corporate Governance Practices
2. Credit Institutions' Administrative Organization
3. The Reliability and Continuity of Electronic Data Processing in Banking
4. Credit Risk Management
5. Country Risk Management
6. Interest Rate Risk Management
7. Foreign Exchange Risk Management
8. Liquidity Risk Management
9. Business Continuity Management

As of January 1, 2010, both the minimum risk-weighted capital asset ratio and the prudential liquidity ratio were increased from 12 to 14 percent and from 12 to 15 percent respectively. The CBA also decided to increase as of April 1, 2010, the minimum risk-weighted capital asset ratio for bank-like institutions from 12 percent to 14 percent.

9. **STATUS OF JURISDICTION VIS A VIS BASEL CORE PRINCIPLES OF BANKING SUPERVISION**

According to the IMF report issued in September 2008, much progress has been made towards full compliance with the Basel Core Principles (BCPs) as well as the insurance core principles issued by the IAIS. IMF concluded in its 2008 report that the system for banking supervision and regulation in Aruba is compliant or largely compliant with 21 of the 25 BCPs.

10. **JURISDICTION STATUS VIS A VIS FINANCIAL SECTOR ASSESSMENT PROGRAMME (FSAP)**

Reference is made to the response to question 9 above.

11. **ADDITIONAL INFORMATION**

In 2009, the CBA established a separate Integrity Unit within the Supervision Department to enable a more focused attention to oversight in the area of anti-money laundering and combating financing of terrorism (AML/CFT). As of January 1, 2011, the *Integrity Unit* became a separate department within the CBA. The decision to split the Supervision Department into a Prudential Supervision Department (PSD) and an Integrity Supervision Department (ISD) was motivated by the increasing size and complexity of the oversight in the broad area of integrity supervision, including the prevention and combating of money laundering and financing of terrorism, thereby requiring specialized personnel.

As part of the Kingdom of the Netherlands, Aruba is a member of the Financial Action Task Force (FATF), the internationally recognized standard-setter for anti-money laundering and combating terrorist financing. The government of Aruba has committed itself to implement the FATF recommendations and, thus, bring its AML/CFT framework in line with FATF standards. Since the adoption of the FATF Mutual Evaluation Report (MER) on Aruba on October 16, 2009, Aruba has made significant progress in eliminating the deficiencies mentioned in the MER. On February 12, 2014, the FATF Plenary acknowledged that Aruba had made significant progress in addressing the deficiencies identified in the 2009 MER. It concluded that Aruba is now largely compliant with the FATF Core and Key Recommendations and, thus, can exit the regular follow-up process. The report prepared by the FATF, based on Aruba's 8th follow-up report, contains a detailed description and analysis of the actions taken by Aruba since the MER of October 2009. This report can be found on the website of the FATF (www.fatf-gafi.org).

Aruba is also a member of the Caribbean Action Task Force (CFATF) a FATF-style regional body in the Caribbean whose main objective is to achieve effective implementation of and compliance with the FATF Recommendations. On May 28, 2014, the CFATF also decided to remove Aruba from its follow-up process.

July 31, 2014