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| <p><b>SUPERVISION PROFILE</b></p> <p><b>EASTERN CARIBBEAN CENTRAL BANK (ECCB)</b></p> |
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**1. (a) SUPERVISORY AGENCY**

Eastern Caribbean Central Bank (ECCB)

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

Regulatory oversight responsibilities include all financial institutions within the Eastern Caribbean Currency Union (ECCU) licensed under the Banking Act and offshore banks licensed under the Nevis Offshore Banking Ordinance and limited supervisory authority for the offshore banks in Dominica. The ECCB also plays a limited supervisory role in Anguilla and Grenada under Memoranda of Understanding with the respective territories' national regulator.

In May 2005, the ECCB gave notice to member territories that it would reduce its involvement in the regulation/supervision of the offshore banking sector.

**2. NUMBER AND NAMES OF ENTITIES SUPERVISED IN EACH CATEGORY**

**COMMERCIAL BANKS**

| NAME OF INSTITUTION                              | LOCALLY INCORPORATED |               | FOREIGN INCORPORATED | DETAILS         |
|--|----------------------|---------------|----------------------|-----------------|
|  | LOCALLY OWNED        | FOREIGN OWNED |                      |                 |
| <b>ANGUILLA</b>                                  |                      |               |                      |                 |
| FirstCaribbean International Bank (Barbados) Ltd |                      |               | X                    | Branch          |
| Caribbean Commercial Bank (Anguilla) Ltd         | X                    |               |                      | Private Company |
| National Bank of Anguilla Ltd                    | X                    |               |                      | Public Company  |
| Scotiabank Anguilla Ltd*                         |                      | X             |                      | Subsidiary      |
| <b>ANTIGUA AND BARBUDA</b>                       |                      |               |                      |                 |
| ABI Bank Ltd                                     | X                    |               |                      | Private Company |
| Antigua Commercial Bank                          | X                    |               |                      | Public Company  |
| Bank of Antigua Ltd                              | X                    |               |                      | Private Company |
| Caribbean Union Bank Ltd                         | X                    |               |                      | Private Company |
| Bank of Nova Scotia                              |                      |               | X                    | Branch          |
| FirstCaribbean International Bank (Barbados) Ltd |                      |               | X                    | Branch          |
| RBTT Bank Caribbean Ltd**                        |                      | X             |                      | Branch          |
| RBC Royal Bank of Canada                         |                      |               | X                    | Branch          |
| <b>DOMINICA</b>                                  |                      |               |                      |                 |
| Bank of Nova Scotia                              |                      |               | X                    | Branch          |
| FirstCaribbean International Bank (Barbados) Ltd |                      |               | X                    | Branch          |

| NAME OF INSTITUTION                              | LOCALLY INCORPORATED |               | FOREIGN INCORPORATED | DETAILS         |
|--|----------------------|---------------|----------------------|-----------------|
|  | LOCALLY OWNED        | FOREIGN OWNED |                      |                 |
| National Bank of Dominica Ltd                    | X                    |               |                      | Public Company  |
| Royal Bank of Canada                             |                      |               | X                    | Branch          |
| <b>GRENADA</b>                                   |                      |               |                      |                 |
| Bank of Nova Scotia                              |                      |               | X                    | Branch          |
| FirstCaribbean International Bank (Barbados) Ltd |                      |               | X                    | Branch          |
| Grenada Co-operative Bank                        | X                    |               |                      | Public Company  |
| Republic Bank (Grenada) Ltd                      |                      | X             |                      | Public Company  |
| RBTT Bank Grenada Ltd                            |                      | X             |                      | Public Company  |
| <b>MONTserrat</b>                                |                      |               |                      |                 |
| Bank of Montserrat Ltd                           | X                    |               |                      | Public Company  |
| Royal Bank of Canada                             |                      |               | X                    | Branch          |
| <b>ST KITTS AND NEVIS</b>                        |                      |               |                      |                 |
| Bank of Nova Scotia                              |                      |               | X                    | Branch          |
| The Bank of Nevis Ltd                            | X                    |               |                      | Public Company  |
| FirstCaribbean International Bank (Barbados) Ltd |                      |               | X                    | Branch          |
| RBTT Bank (SKN) Ltd                              |                      | X             |                      | Public Company  |
| RBTT Bank Caribbean Ltd**                        |                      | X             |                      | Branch          |
| Royal Bank of Canada                             |                      |               | X                    | Branch          |
| St Kitts-Nevis-Anguilla National Bank Ltd        | X                    |               |                      | Public Company  |
| <b>SAINT LUCIA</b>                               |                      |               |                      |                 |
| Bank of Nova Scotia                              |                      |               | X                    | Branch          |
| Bank of Saint Lucia Ltd***                       | X                    |               |                      | Private Company |
| FirstCaribbean International Bank (Barbados) Ltd |                      |               | X                    | Branch          |
| RBTT Bank Caribbean Ltd**                        |                      | X             |                      | Branch          |
| Royal Bank of Canada                             |                      |               | X                    | Branch          |
| 1st National Bank St Lucia Ltd                   | X                    |               |                      | Public Company  |
| <b>ST VINCENT AND THE GRENADINES</b>             |                      |               |                      |                 |
| Bank of Nova Scotia                              |                      |               | X                    | Branch          |
| FirstCaribbean International Bank (Barbados) Ltd |                      |               | X                    | Branch          |
| National Commercial Bank (SVG) Ltd               | X                    |               |                      | Company         |
| RBTT Bank Caribbean Ltd**                        |                      | X             |                      | Branch          |
|  | <b>14</b>            | <b>8</b>      | <b>18</b>            |                 |

\*Wholly owned subsidiary of Scotia International Ltd, Bahamas which is wholly owned by Bank of Nova Scotia, Canada.

\*\* RBTT Bank Caribbean Ltd is a wholly owned subsidiary of RBTT Financial Holdings Ltd, incorporated in Trinidad & Tobago

\*\*\* A wholly owned subsidiary of East Caribbean Financial Holding Company Ltd, a public company with Government interest of 29.1%.

## NON-BANK FINANCIAL INSTITUTIONS

| COUNTRY                      | FINANCE COMPANIES   |
|------------------------------|---|
| Antigua & Barbuda            | 1. Finance & Development Co Ltd   |
| Grenada                      | 2. Republic Finance & Merchant Bank Ltd (FINCOR)<br>3. Caribbean Micro-Finance Grenada  |
| St. Kitts & Nevis            | 4. St Kitts Nevis Finance Co Ltd  |
| St. Lucia                    | 5. FirstCaribbean International Finance Co<br>6. The Mutual Finance Inc<br>7. Finance Investment & Consultancy Services Ltd.<br>8. CLICO Mortgage Finance Co Ltd<br>9. Caribbean Micro-Finance St Lucia |
| MORTGAGE COMPANIES           |   |
| Antigua & Barbuda            | 10. ACB Mortgage & Trust Co Ltd   |
| Dominica                     | 11. National Mortgage Finance Co Ltd  |
| St. Lucia                    | 12. St. Lucia Mortgage Finance Co Ltd<br>13. Mortgage Finance Company of St Lucia Ltd   |
| St. Vincent & the Grenadines | 14. St. Vincent Co-operative Bank<br>15. First St Vincent Bank Ltd  |

### 3. PRUDENTIAL INFORMATION/DATA REQUIRED OF LICENSED INSTITUTIONS AND REPORTING INTERVALS

#### Commercial Banks

| Prudential Information/Data                                   | Name | Frequency |
|---|------|-----------|
| Statement of Liquidity  |      | Daily     |
| Statement of Reserves Position                                | BS7  | Weekly    |
| Monthly Statement of Assets & Liabilities                     | BS1  | Monthly   |
| Statement showing Purchases of Foreign Currency               | EC1  | Monthly   |
| Statement showing Sales of Foreign Currency                   | EC0  | Monthly   |
| Classification of Credit by Economic Activity                 | BS2  | Quarterly |
| Deposits and Credit Classified by Interest Rate and Size      | BS4  | Quarterly |
| Supplementary Schedules                                       | BS6  | Quarterly |
| Statement of Income, Expenses and Profit & Loss Appropriation | BS3  | Annually  |
| Annual Classification of Loans & Advances                     | BS8  | Annually  |
| Monthly Statement of Payments System Capacity                 | BS10 | Monthly   |
| Audited Financial Statements                                  |      | Annually  |

Several amendments are being made to the prudential returns to capture data that would enhance analytical work, particularly as it relates to cross border and foreign currency exposures within the ECCU commercial banking sector. Additionally, the data collected will be disaggregated to separately capture data for the non-bank sectors.

All banks are required to submit variance reports on a monthly, quarterly and annual basis. The parameters for reporting are as follows:

| <b>BS1 – MONTHLY STATEMENT OF ASSETS AND LIABILITIES (BALANCE SHEET)</b>                                     |   |
|--|---|
| <b>Balances</b>  | <b>Reporting Criteria</b>   |
| All items except Item 7 (Capital Paid-up or Assigned), Item 9 (Reserves) and Item 10 (Undistributed Profits) | +/- \$1.0m and +/- 10.0 per cent. Variance must meet both criteria. |
| Capital Paid-up or Assigned, Reserves and Undistributed Profits  | All variances   |
| <b>BS2 – CREDIT BY ECONOMIC SECTOR (QUARTERLY)</b>   |   |
| <b>Balances</b>  | <b>Reporting Criteria</b>   |
| All items  | +/- \$2.0m  |
| <b>BS3 – YEARLY STATEMENT OF INCOME, EXPENSES AND PROFIT &amp; LOSS APPROPRIATION</b>                        |   |
| <b>Balances</b>  | <b>Reporting Criteria</b>   |
| All items  | +/- \$1.0m or +/- 10.0 per cent                                     |
| <b>BS6 - SUPPLEMENTARY SCHEDULES (QUARTERLY)</b>   |   |
| <b>Balances</b>  | <b>Reporting Criteria</b>   |
| Schedule 10 – all items  | +/- \$1.0m or +/- 5.0 per cent                                      |
| Schedule 12 – all days, all economic sectors.  | +/- \$1.0m or +/- 5.0 per cent                                      |

**Data/Information for Offsite Risk Focused Surveillance**

| ITEMS   | FREQUENCY |          |               |  |
|---|-----------|----------|---------------|--|
|   | QUARTERLY | ANNUALLY | AS THEY OCCUR | DEADLINE   |
| <b>MINUTES</b>  |           |          |               |  |
| Minutes of Board of Directors Meetings and proposals for major policy decisions |           |          | X             | <b>within 14 days</b> after the end of month in which the minutes were confirmed.              |
| Minutes of Management Meetings  |           |          | X             |  |
| Minutes of Audit Committee meetings   |           |          | X             |  |
| Minutes of Loans Committee Meetings   |           |          | X             |  |
| Minutes of Finance and/or Asset/Liability Committee (ALCO) Meetings             |           |          | X             |  |
| <b>FINANCIAL INFORMATION</b>  |           |          |               |  |
| Budgets   |           | X        |               | <b>within 14 days</b> after the end of month in which it was approved by the board.            |
| Management Accounts sent to Board of Directors                                  | X         |          |               |  |
| <b>AUDIT REPORTS/LETTERS</b>  |           |          |               |  |
| Internal auditors/Own Inspectors reports  |           |          | X             | <b>within 14 days</b> after the end of month in which the document was presented to the board. |
| External Auditors Reports   |           | X        |               |  |
| Letters of Engagement of External Auditors                                      |           | X        |               |  |
| External Auditors Management Letters  |           | X        |               |  |
| <b>POLICIES, STRATEGIES, MANUALS</b>  |           |          |               |  |
| Strategic Plans   |           |          | X             | <b>within 14 days</b> after the end of month in which the document was approved by the board.  |
| Risk Management Strategies  |           |          | X             |  |
| Funds Management Policies   |           |          | X             |  |
| Loan Policies   |           |          | X             |  |
| Business Continuity Plan  |           |          | X             |  |
| Anti-money Laundering Procedures Manual   |           |          | X             |  |
| Operations Manual   |           |          | X             |  |
| Changes to all Policies and Procedures Manuals                                  |           |          | X             |  |
| <b>OTHER</b>  |           |          |               |  |
| Changes in list of Directors  |           |          | X             | <b>within 14 days</b> after the end of month in which the change was effected.                 |
| Changes in Management and Senior Staff  |           |          | X             |  |
| Statement of significant changes in ownership or shareholding                   |           |          | X             |  |

4. **PRUDENTIAL INFORMATION/DATA PUBLISHED BY SUPERVISORY AUTHORITY AND PUBLICATION INTERVALS**

| <b>Prudential Information/Data</b> | <b>Frequency</b>  | <b>Description</b>   |
|------------------------------------|-------------------|--|
| Commercial Bank Statistics         | Monthly/Quarterly | Consolidated commercial banks' data by territory; available on website |
| Financial Statistics Yearbook      | Annually          | Annual and quarterly financial data                                    |
| Monetary Survey                    | Monthly           | Consolidated ECCU data; available on website                           |

5. **PRINCIPAL PIECES OF LEGISLATION GOVERNING THE OPERATION OF BANKING/FINANCIAL LICENSEES (INCLUSIVE OF ANTI-MONEY LAUNDERING AND ANTI-TERRORISM STATUTES WHERE APPLICABLE)**

**Anguilla**

**Legislation**

- Banking Act No 9 of 2005
- Eastern Caribbean Central Bank Agreement Act
  - Revised Statutes of Anguilla 2000 c. E5

**Regulations**

The following sites provide copies of the regulations in Anguilla:

- <http://www.fsc.org.ai/>
- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxweaga.htm>

**Antigua & Barbuda**

**Legislation**

- Banking Act No 14 of 2005
- Eastern Caribbean Central Bank Agreement Act
  - Amendment 17/1995

**Regulations**

The following sites provide copies of the regulations in Antigua and Barbuda:

- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxweaab.htm>
- <http://www.laws.gov.ag/acts/acts-abc.htm>

**Dominica**

**Legislation**

- Banking Act No 16 of 2005
- Eastern Caribbean Central Bank Agreement Act
  - Amendment 6/1994
  - Amendment 8/1996

## **Regulations**

The following sites provide copies of the regulations in Dominica:

- <http://www.dominica.gov.dm/cms/index.php?q=node/892>
- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwedma.htm>

## **Grenada**

### **Legislation**

- Banking Act, No.19 of 2005
- Eastern Caribbean Central Bank Agreement Act 1983
  - Amendment 14/1993

### **Regulations**

The following sites list/provide copies of the regulations in Grenada:

- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwegrn.htm>
- <http://www.garfingrenada.org>

## **Montserrat**

### **Legislation**

- Banking Act, No 2 of 2005
- East Caribbean Central Bank Ordinance 1983

### **Regulations**

- Anti-terrorism(Financial and Other Measures), No 5 of 2003

The following sites provide copies of the regulations in Montserrat:

- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwemsa.htm>
- <http://www.fscmontserrat.org>

## **St. Kitts and Nevis**

### **Legislation**

- Banking Act, No 4 of 2004
- Eastern Caribbean Central Bank Agreement Act 1983
  - Amendment 4/1994

### **Regulations**

The following sites provide copies of the regulations in St Kitts and Nevis:

- <http://www.skbfinancialservices.com/lawlibrary.php>
- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxweskn.htm>

## **Saint Lucia**

### **Legislation**

- Banking Act No 34 of 2006
- Eastern Caribbean Central Bank Agreement Act 1983
  - Amendment 13/1993

### **Regulations**

The following site provides copies of the regulations in Saint Lucia:

- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxweslu.htm>

## St Vincent and the Grenadines

### Legislation

- Banking Act No 33 of 2006
- Eastern Caribbean Central Bank Agreement Act Cap 68
  - Amendment 2/1995

### Regulations

The following sites provide copies of the regulations in St Vincent and the Grenadines:

- [http://www.svgfiu.com/index.php?option=com\\_content&view=article&id=4&Itemid=7](http://www.svgfiu.com/index.php?option=com_content&view=article&id=4&Itemid=7)
- <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwestv.htm>

## 6. MAJOR CHANGES TO BANKING/FINANCIAL STATUTES AND DIRECTIVES OVER THE PAST TEN YEARS

### **New Banking Act**

The revised Banking Act is uniformly in force in the eight member territories of the Eastern Caribbean Currency Union, although there are some minor differences in the structure and style of the Act. Amendments to the Banking Act were based in part on the *Basle Committee on Bank Supervision - 25 Core Principles for Effective Banking Supervision* and legislative gaps identified by the ECCB. Financial globalisation, the complexities of large conglomerates and the diversity of the products and services offered by financial institutions, have compelled regulators to adopt a more risk focused approach to supervision. The revised Banking Act addresses the need for effective, risk focused supervision of financial institutions to ensure the safety and soundness of the financial system. It has refined the overall regulatory regime and enhanced the powers of the ECCB.

#### THE BANKING ACT IN MEMBER TERRITORIES

| TERRITORY                     | NO            | COMMENCEMENT DATE |
|-------------------------------|---------------|-------------------|
| Anguilla                      | No 9 of 2005  | 1 January 2006    |
| Antigua and Barbuda           | No 14 of 2005 | 1 January 2006    |
| Commonwealth of Dominica      | No 16 of 2005 | 31 March 2006     |
| Grenada                       | No 19 of 2005 | 31 March 2006     |
| Montserrat                    | No 2 of 2005  | 1 May 2005        |
| St Kitts and Nevis            | No 4 of 2004  | 4 November 2005   |
| Saint Lucia                   | No 34 of 2006 | 1 April 2007      |
| St Vincent and the Grenadines | No 33 of 2006 | 10 April 2007     |

The areas of the Banking Act where the amendments are most significant include the following:

- Requirements of Licence
- Licences – Formalities and Considerations
- Voting
- Revocation of licences

- Financial Requirement and Limitations
  - Minimum paid-up or assigned capital
  - Maintenance of Reserve Fund
  - Adequacy of Capital
  - Restriction on Certain activities of licensed Financial Institutions and Affiliates
    - Lending Activities
    - Investment Activities
    - Credit Institutions and Financial Groups
- Audit, Information and Examination
  - Annual Audit, report and publication of financial statements and results
  - Central Bank Examination
  - Disclosure and access to books and records by Central Bank examiners for examination
- Provisions granting authority to the Central Bank to make arrangements with home supervisors of foreign financial institutions and host supervisors of local financial institutions that have established offices overseas for the sharing of information
- Central Bank Powers and Measures for Preventing Adverse Consequences
- Production of information as required by the Central Bank
- Minimum Criteria for determining whether a person is “Fit and Proper”
- Removal and disqualification of Director
- Declaration and registration of related interest and conflict of interest by directors
- Responsibility for deceiving statements and obstruction of audit or authorized examination
- Management’s duty of compliance with requirements of the laws
- Liability of directors, officers and partners
- Secrecy of Information
- Regulations
- Compounding of Offences
- Prudential Guidelines
- Receivership, Liquidation and Re-organisation
  - Voluntary Liquidation
  - Cessation of business operations
  - Notice to depositors of voluntary liquidation
  - Rights of Depositors and Creditors in Voluntary Liquidation
  - Distribution of assets
  - Insufficiency of assets in discharge of obligations in voluntary liquidation
  - Appointment of Receiver
  - Period of Obligation to Commence Compulsory Liquidation or Re-organisation
  - Compulsory Liquidation, Re-organisation Proceedings
  - Claims on abandoned property

### **Enforcement Action**

The enforcement powers in the Banking Act were enhanced and a new *Ladder of Enforcement Action* was implemented to address any problems of persistent non-compliance by financial institutions. Enforcement action is as follows:

- Stage I - Letter of Commitment
- Stage II - Memorandum of Understanding
- Stage III - Written Warning
- Stage IV - Cease and Desist Order

- Stage V - Fixed Monetary Penalty
- Stage VI - Institute Legal Proceeding
- Stage VII - Restriction/Revocation of Licence

7. **AREAS IDENTIFIED FOR FURTHER LEGISLATIVE CHANGES AND DETAILS/STATUS OF ANY NOW IN PROCESS**

**Banking (Capital Adequacy and Capital Ratios) Regulations** which provide for the level and composition of capital and minimum capital ratios were forwarded to the Ministries of Finance for issue. To date the regulations have been issued in Montserrat, Dominica and Saint Lucia.

**The Banking (Abandoned Property) Regulations** were forwarded to the Ministries of Finance for issue. These regulations support Sections 60-64 of the Banking Act, which relate to the reporting, publication and disposal of abandoned property and requires every licensed financial institution to submit a report to the Central Bank, on the particulars of abandoned property. To date the regulations have been issued in Montserrat, Dominica and Saint Lucia.

**Foreclosure Legislation** - The ECCU Bankers' Association has taken the lead in lobbying for amendments in foreclosure legislation in member territories, particularly Saint Lucia and Dominica, to facilitate the easier disposal of real estate held as security/collateral.

8. **FORMAL DIRECTIVES, POLICIES, GUIDELINES/GUIDANCE NOTES ISSUED BY SUPERVISORY AUTHORITY TO LICENSEES**

| <b>FORMAL DIRECTIVES</b> |                   |   |
|--------------------------|-------------------|---|
| <b>NOTICE NUMBER</b>     | <b>DATE</b>       | <b>SUBJECT</b>  |
| 1                        | 09 March 1984     | Minimum Reserve Requirement   |
| 2                        | 14 December 1984  | Minimum Rate of Interest on Savings Deposit   |
| 3                        | 19 April 1985     | Effective Interest Rates  |
| 4                        | 01 October 1985   | Method of Computation of Interest on Savings Deposit                                  |
| 5                        | 20 October 1987   | Buying and Selling Rates of Foreign Currencies for Banks                              |
| 6                        | 10 August 1992    | Commercial Banks Purchase of Foreign Currency Notes Amended Effective 03 October 1994 |
| 7                        | 16 February 1994  | Minimum Reserves to be maintained by Commercial Banks Amended Effective 28 June 1995  |
| 8                        | 25 July 1996      | Penalty on Reserve Requirement Shortfalls Effective 01 August 1996                    |
| 9                        | 02 September 2002 | Minimum Rate of Interest on Savings Deposits  |

## **PRUDENTIAL GUIDELINES**

The ECCB has issued the following guidelines to licensed financial institutions:

| <b>GUIDELINE</b>   | <b>EFFECTIVE DATE</b>  |
|--|------------------------|
| <b>Administrative Guidelines Governing Establishment and Maintenance of Relationships with Shell Banks</b> | <b>29 January 2001</b> |
| <b>Controlling Risk in Correspondent Accounts</b>  | <b>March 2001</b>      |
| <b>Anti-Money Laundering Guidance Notes</b>  | <b>May 2005</b>        |
| <b>Guidelines on Corporate Governance</b>  | <b>15 May 2006</b>     |
| <b>Guidelines on Related Party Transactions</b>  | <b>15 May 2006</b>     |
| <b>Guidelines on Liquidity Risk Management</b>   | <b>15 May 2006</b>     |
| <b>Guidelines for Internal Auditing</b>  | <b>15 January 2007</b> |
| <b>Guidelines for External Auditing</b>  | <b>1 July 2008</b>     |
| <b>Guidelines for Credit Risk Management</b>   | <b>15 May 2009</b>     |

These guidelines can be accessed on ECCB's website – [www.eccb-centralbank.org](http://www.eccb-centralbank.org).

The ECCB has also issued Prudential Credit Guidelines on:

- Loan Classification
- Provisioning
- Suspension of Interest
- Write-off Procedures
- Renegotiated Loans

### **Risk Weighting and Provisioning for Non Performing Public Sector Debt**

Effective 31 December 2005, all institutions licensed under the Banking Act were required to uniformly apply risk weighting and loan loss provisioning to all borrowers. Accordingly, non-performing credit facilities of, and investments with, member governments of the ECCU should be risk weighted at 20.0 per cent for the computation of capital adequacy ratios. Loan loss provisions at the substandard level should be established for all non-performing government and government guaranteed facilities, that is, 10.0 per cent of the outstanding balance.

### **Tolerable Limit for Non-Performing Loans**

The ECCB reduced its tolerable limit on the level of non-performing loans (NPLs) to total loans from 10.0 per cent to the international benchmark of 5.0 per cent, effective 31 December 2005. All banks with NPL ratios which exceeded the new tolerable limit were required to submit a plan of action to reduce NPLs.

### **Differences in Regulatory and Accounting Requirements for Loan Loss Provisioning**

Licensees are to ensure that regulatory requirements are satisfied at all times. When the regulatory requirement for loan loss provisions exceeds provisions determined for accounting purposes, licensees are required to establish a special reserve for the amount by which the regulatory requirement exceeds that computed under the applicable accounting standard. This

reserve shall be non-distributable and reported in tier II capital. When the loan loss provisions determined by the applicable accounting standards exceed the regulatory requirement, this level of provisions shall be reported.

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

The joint IMF/World Bank Financial Sector Assessment Programme was conducted in September 2003. The ECCB has implemented several measures to remedy the deficiencies identified in the FSAP. Amendments to the new Banking Act were based in part on the *Basle Committee on Bank Supervision - 25 Core Principles for Effective Banking Supervision* and legislative gaps identified by the ECCB.

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

Same as item 9.

**May 2010**