

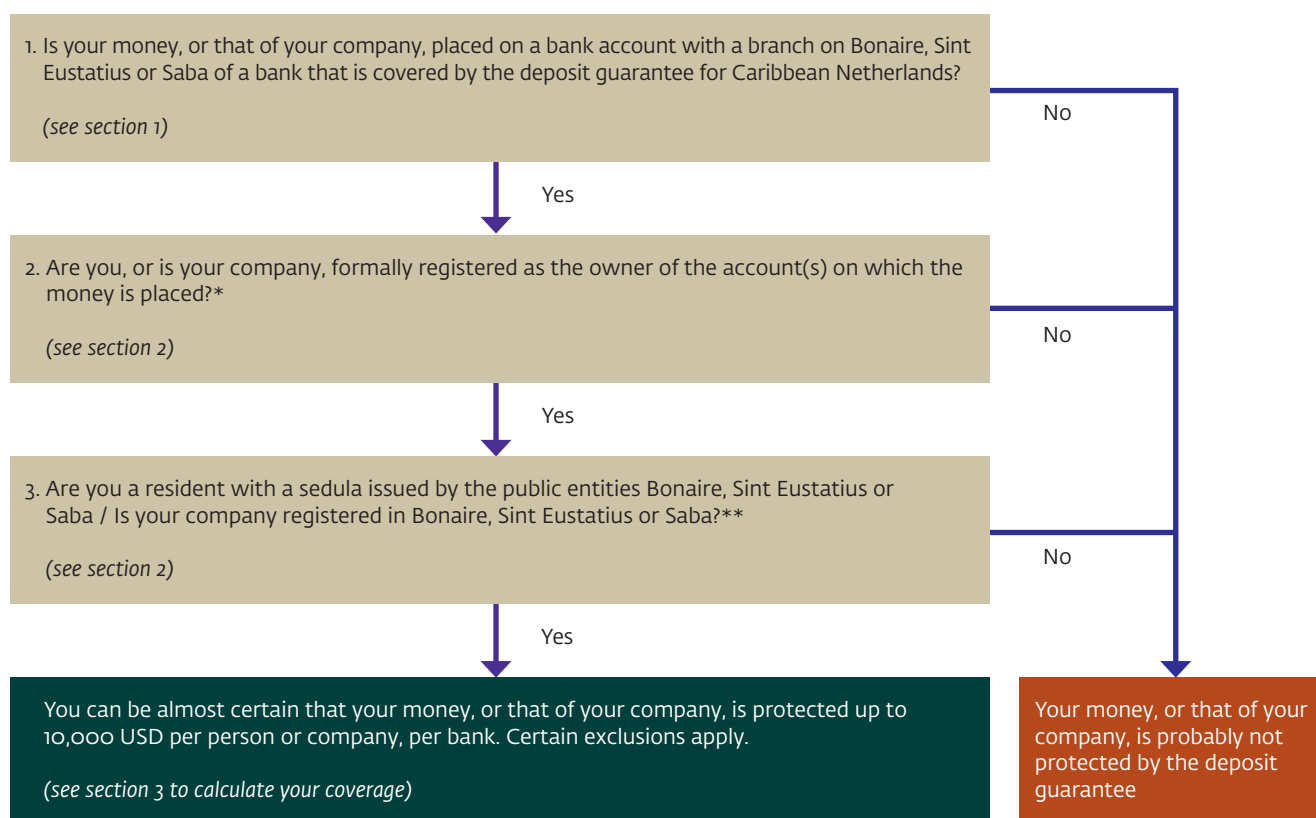
Deposit Guarantee in the Caribbean Netherlands ('BES-islands')

November 2018

As of October 2017, residents of the public entities Bonaire, Sint Eustatius and Saba will be protected by the Deposit Guarantee Scheme for the Caribbean Netherlands. The deposit guarantee is a free service that automatically protects the money of bank customers up to 10,000 USD should anything happen to a bank. The Deposit Guarantee Scheme for the Caribbean Netherlands is managed by De Nederlandsche Bank (DNB). This fact sheet provides an overview of deposit guarantee coverage and explains how the protection works.

Check your protection in 3 steps

Answer the three questions below to quickly determine whether you, your company, or someone else, is protected by the deposit guarantee for the Caribbean Netherlands ('BES-islands').



* In a few cases, if you answer "no" to question 2, you might still be protected by the deposit guarantee if you are a third party of a beneficiary account. Please refer to section 2 for more detailed information.

** In a few cases, if you answer "yes" to question 3, your deposit could still be excluded from the deposit guarantee. This is for example the case if the account owner is a financial corporation. Please refer to section 2 and the annex for more detailed information.

What is protected by the deposit guarantee?

The deposit guarantee protects money placed by residents of the public entities Bonaire, Sint Eustatius and Saba with banks that are authorised by De Nederlandsche Bank to operate on those islands. A deposit is money in bank accounts like current accounts, savings accounts and time deposits. If a bank that is protected by the deposit guarantee fails, De Nederlandsche Bank will reimburse eligible bank customers up to the compensation limit.

The protection is for money placed with banks. This means that the deposit guarantee does not apply to credit unions. On DNB's website for the Caribbean Netherlands

(www.cn.dnb.nl/en), a register of authorised banks is available. The register enables you to check if a bank is covered by the deposit guarantee.

Most banks in the Caribbean Netherlands ('BES-islands') are also active in other jurisdictions such as Aruba, Curaçao and Sint Maarten. In such a case, the deposit guarantee only applies to money placed at the branches of this bank in the Caribbean Netherlands. Bank customers should therefore always check that their money is placed with a branch located on Bonaire, Sint Eustatius or Saba.

Which banks are covered by the deposit guarantee?



On 1 November 2018, the following banks are authorised by De Nederlandsche Bank to operate in the Caribbean Netherlands ('BES-islands') and are covered by the deposit guarantee for money placed with their branches on Bonaire, Sint Eustatius and Saba*:

- Banco Di Caribe N.V.
- Maduro & Curiel's Bank (Bonaire) N.V.
- Orco Bank N.V.
- RBC Royal Bank N.V.
- The Windward Islands Bank Ltd.
- Vidanova Bank N.V.

Changes in the banks that are covered by the deposit guarantee might occur. For example, this could happen when a new bank is authorised to provide services in the Caribbean Netherlands. In case of doubt, bank customers are advised to check with their bank if their deposits are protected. The website of DNB for the Caribbean Netherlands (www.cn.dnb.nl/en) always provides the current list of banks that are covered by the deposit guarantee.

* At the time of writing, also First Caribbean International Bank (Cayman) Ltd. and PSB Bank N.V. are licensed to operate in Caribbean Netherlands. However, both banks do not have a branch on Bonaire, Sint Eustatius or Saba. In practice, deposits with these banks are therefore excluded from the deposit guarantee for the Caribbean Netherlands. At the moment of publication of this factsheet, the branch of *Girobank N.V.* on Bonaire is in wind-down. Money held at the branch upon termination of the authorisation, will remain eligible for the deposit guarantee.

Who is protected by the deposit guarantee?

In general, residents of the public entities Bonaire, Sint Eustatius and Saba are protected by the deposit guarantee for the money placed with banks that are authorised by De Nederlandsche Bank to operate on those islands. The protection also applies to the deposits of companies with a registered office in the Caribbean Netherlands.

The deposit guarantee does not apply to certain account holders. For example, if a person is not a resident of Bonaire, Sint Eustatius or Saba, this person will not be covered by the deposit guarantee, irrespective of the fact that this bank customer has an account with a bank on Bonaire, Sint Eustatius or Saba. Deposits held by financial corporations and government-related entities are also excluded. The annex provides the full list of exclusions.

In certain situations, a deposit can be held by an account holder for the benefit of one or more other persons or companies. This is called a beneficiary account. If such a beneficiary deposit satisfies a number of criteria, this other (or: third) person or company will be protected by the deposit guarantee if this other person or company is not excluded from the deposit guarantee.¹ In case of a beneficiary account, the share of the other person or company has to be added to the amounts of other bank accounts of this bank customer with the same bank.

In case a child is registered as the owner of a bank account, it will be this child who benefits from the protection of the deposit guarantee, not the parents (or representatives) acting on behalf of the child.

When is someone considered a resident for the deposit guarantee?



- If you are a resident of one of the public entities Bonaire, Sint Eustatius or Saba, and therefore have a sedula issued by one of those three public entities, you will be covered by the deposit guarantee for the Caribbean Netherlands.
- If a person is recorded in the Municipal Personal Records Databases of one of those three public entities, and is not marked as migrated or deceased, this person will be considered a resident for the purpose of the deposit guarantee. In principle, such a person should have a sedula.
- The above means that persons lose the protection of the deposit guarantee for the Caribbean Netherlands if they migrate to somewhere outside Bonaire, Sint Eustatius or Saba.

¹ The criteria that need to be satisfied for coverage of the other (or: third) person or company are the following: First, the deposits concerned are held under statutory or contractual provisions that already governed the relationship between the account holder and the other person or company before the deposit guarantee scheme was triggered. Second, the identity of the other person or company was already known to the bank, or the other person or company can be identified on the basis of accounting records professionally kept by an account holder. Third, the amount of the deposits that are held for the benefit of the other person or company can be established on the basis of data recorded before the deposit guarantee scheme was triggered.

How much is protected by the deposit guarantee?

Deposits are protected up to 10,000 USD per person or company, per authorised bank. There are two important rules to remember about the compensation limit of the deposit guarantee.

Rule 1: The limit applies to persons and companies, not accounts

The rule means that if a person or company has more than one account with a bank, the compensation limit applies to the total amount of all accounts held by that person or company. The rule also means that for joint accounts the limit applies to each named account holder. So, for example, if you have a joint account with your spouse or partner, and no other accounts of your own with that bank, you will each receive up to 10,000 USD under the compensation limit. So, De Nederlandsche Bank would compensate up to 20,000 USD of money in a joint account.

Rule 2: The limit applies per authorised bank

This is important, because it could be that a person or company has accounts with multiple banks. Persons and companies benefit from the protection of the deposit guarantee up to a total of 10,000 USD with each bank that is authorised to operate in Bonaire, Sint Eustatius or Saba.²

In general, it is recommended that persons and companies check whether the total amount of money held in accounts with a particular bank is more than 10,000 USD. If this would indeed be the case, a person or company could spread the money among separate banks to increase their protection.

Calculating the covered amount - examples

Example 1



- Person A has two accounts with ABC Bank. A current account with a balance of 8,000 USD and a savings account with a balance account of 4,000 USD.
- To calculate the amount that is protected by the deposit guarantee, both accounts will be added together and guaranteed up to the compensation limit.
- Together, the two accounts equal 12,000 USD. The balance up to 10,000 USD is insured by the deposit guarantee, leaving 2,000 USD uninsured.

Example 2



- Person B has a current account with ABC Bank. The balance of this account is 10,000 USD. Person B also has a savings account with XYZ Bank. The balance of this account is also 10,000 USD.
- Together, the two accounts equal 20,000 USD. The full amount is protected, because the money is spread over two banks. If something would happen to both ABC Bank and XYZ Bank, person B would receive a total compensation of 20,000 USD from the Deposit Guarantee Scheme.

Example 3



- Person C and D have a joint current account with ABC Bank and have verified that the joint account is registered under both names ("Person C and/or Person D"). The current account has a balance of 15,000 USD. Both own 50% of the account. They both have no other accounts with ABC Bank.
- To calculate the amount that is protected by the deposit guarantee, the ownership share of each person first needs to be determined. Usually, the share of each person is equal.
- For both persons, the amount held with ABC Bank is below the compensation limit and therefore fully insured by the deposit guarantee. The balance of 15,000 USD is therefore fully insured.

² Although this is currently not the case on Bonaire, Sint Eustatius and Saba, it could be possible that a bank operates more than one brand under the same banking license. This means persons and companies with accounts held under different brands with a bank operation under the same banking license will only be entitled to a total of 10,000 USD. In case of doubt, a depositor should contact the bank to verify whether there are multiple brands operated under the same banking license.

What will happen when a bank fails?

In case a bank is not able anymore to return the money to its customers, De Nederlandsche Bank is legally required to activate the Deposit Guarantee Scheme within 21 days after deposits became unavailable. For example, such a situation would occur after a bank has failed. After doing so, De Nederlandsche Bank will announce in local media that the Deposit Guarantee Scheme is activated for the bank customers of the failed bank.

In this announcement, De Nederlandsche Bank will also inform bank customers how they can apply for compensation. Most likely, this will mean that De Nederlandsche Bank will open an office on the island(s) where the branch(es) of the failed bank offered its services. Bank customers of the failed bank can visit this office to ask questions and apply for compensation (in Papiamentu, Dutch and English).

After the application is received and approved, De Nederlandsche Bank will decide and provide the compensation as soon as possible, but always within 3 months after a bank customer made the application.

The bank customer will receive a letter that outlines the decision by De Nederlandsche Bank and explains how the bank customer will be reimbursed. In most cases, reimbursements can take place by payment to another – existing or newly opened – bank account of the bank customer. In case it is not possible for the bank customer to (quickly) gain access to another bank account, other forms of pay-out are possible.

Responsibilities of De Nederlandsche Bank in the Caribbean Netherlands



De Nederlandsche Bank is not only responsible for managing the deposit guarantee on Bonaire, Sint Eustatius and Saba. Other tasks for De Nederlandsche Bank in the Caribbean Netherlands include payment services and supervising financial undertakings in the Caribbean Netherlands.

Who pays for the deposit guarantee?

The protection of deposit guarantee is provided for free to bank customers. In case the Deposit Guarantee Scheme is activated, the costs of pay-out will ultimately be attributed to the banks that are protected by the Deposit Guarantee Scheme for the Caribbean Netherlands. To safeguard the

stability of the banks financing the Deposit Guarantee Scheme, the amount that can be annually charged from these banks is capped. In order to make sure that bank customers can be reimbursed as quickly as possible, the Dutch government will pre-fund the costs of pay-out.³

More information



If you have any other questions about the deposit guarantee for the Caribbean Netherlands, or if you need more information, you can email or call the Information Desk of De Nederlandsche Bank (in Dutch or English). Consumers, banks and public institutions can use the contact details below to reach the Information Desk.

- www.cn.dnb.nl/en
- info@dnb.nl
- The Information Desk is located in Amsterdam, The Netherlands. From the Caribbean Netherlands, please call +31 20 524 91 11 (international number). The Information Desk can be contacted on working days between 9.00 and 17.00 (Central European Time / Central European Summer Time).

³ After making a reimbursement, De Nederlandsche Bank will subrogate to the bank customer's rights with regard to the claim on the failed bank to the extent it makes a payment to that bank customer. This is a technical provision that enables De Nederlandsche Bank to partially or completely recover the funding provided by the Dutch government and the banks.

Annex: Overview of exclusions

Certain persons, corporations and deposits are outside the scope of the deposit guarantee. As mentioned in section 2, persons and companies who are not a resident of or registered in the public entities Bonaire, Sint Eustatius or Saba, will not

be protected by the deposit guarantee. The same holds for deposits placed outside of a branch on those islands. But there are also other exclusions. Table 1 provides the full list of exclusions.

Table 1 Exclusions from the deposit guarantee for the Caribbean Netherlands

Bank customers

The deposit guarantee does not apply to the following bank customers

- Non-residents of the public entities Bonaire, Sint Eustatius and Saba
- Corporations not registered in the corporate register of the public entities Bonaire, Sint Eustatius and Saba
- Financial corporations
- Central, regional and local governments
- Legal entities established under public law
- Legal entities that belong to the same group as the failed bank
- Directors of the failed bank or legal entities that belong to the same group (and the spouses, registered partners and under-age children of these directors)
- Members of the body responsible for supervising the general course of business of the failed bank or legal entities that belong to the same group (and the spouses, registered partners and under-age children of these members)
- Persons that hold a participation of at least 10% in the capital of the failing bank or legal entities that belong to the same group (and the spouses, registered partners and under-age children of these persons)

Deposits

The deposit guarantee does not apply to the following deposits

- Deposits held with a branch based outside the public entities Bonaire, Sint Eustatius and Saba
- Deposits with respect to which the creditor of the failing bank was offered interest rates or financial benefits that contributed to the bank's failure to meet its financial obligations
- Deposits relating to a transaction in respect of which a criminal judgement with regard to money laundering or terrorist financing has been passed
- Also, the deposit guarantee does not apply to debts ensuing from acceptances or promissory notes issued by the failing credit institution

Disclaimer:

This factsheet on Deposit Guarantee in the Caribbean Netherlands ('BES islands') is a comprehensive description of the coverage provided by the Deposit Guarantee Scheme for the Caribbean Netherlands. This fact sheet is not intended as a legal interpretation of the laws and regulations that apply for the deposit guarantee. For additional or more specific information about the deposit guarantee for the Caribbean Netherlands, consult the articles on the Deposit Guarantee Scheme for the Caribbean Netherlands in the BES Financial Markets Act (Wet financiële markten BES) and the BES Financial Markets Decree (Besluit financiële markten BES).

The information in this fact sheet is based on the laws and regulations in effect as of November 2018. These rules can be amended and, therefore, some of the information in the brochure may become outdated. The website of DNB for Caribbean Netherlands (www.cn.dnb.nl) will always provide the rules that at that moment will apply for the coverage by the deposit guarantee.