# BROCHURE BASE CONTRIBUTION CALCULATION AND DEPOSIT GUARANTEE FUND

August 2026

In line with Deposit Guarantee Scheme ("DGS") regulation[1], the credit institutions covered by the DGS bear the cost of the scheme. For this purpose, as of 2026 a Deposit Guarantee Fund ("DGF") will be built up through base contributions from these institutions. The Centrale Bank van Curaçao en Sint Maarten ("CBCS") has set up the the DGF Foundation Sint Maarten ("the DGF Foundation"), which is responsible for both managing the fund and making the fund available in the event of a DGS reimbursement.

## FINANCING THE DEPOSIT GUARANTEE SCHEME

The fund will be built up to a target size of 7% of total guaranteed deposits (the "deposit base") within 10 years of the DGS entering into effect.[2] The fund will be built up over a period of 10 years until it reaches the target size of 7% of the total guaranteed deposits. This brochure explains how annual base contributions are determined, how the fund is managed, and what happens after a DGS reimbursement.

The funds in the DGF will be held in cash, deposits, payment obligations, and low-risk assets to ensure they are readily available for reimbursement under the DGS. Furthermore, the investments must be adequately diversified. The fund will be used to finance DGS payouts and possibly a contribution to the transfer of deposits[3]. Following any payout or contribution to a transfer of deposits, the fund will gradually be refilled until it reaches its target size again.

[1] The DGS regulations are set out in Article 39 of the National Ordinance on the Supervision of the Banking and Credit Sector (AB 2019, no. 24), the National Decree containing general measures for the Deposit Guarantee Scheme (AB 2026, no. 29), and the Ministerial Regulation with general effect for the Deposit Guarantee Scheme (AB 2026, no. 31).

[2] The DGS for Sint Maarten entered into effect on September 28, 2026.

[3] As stipulated in Article 18 of the Ministerial Regulation with general effect for the Deposit Guarantee Scheme.



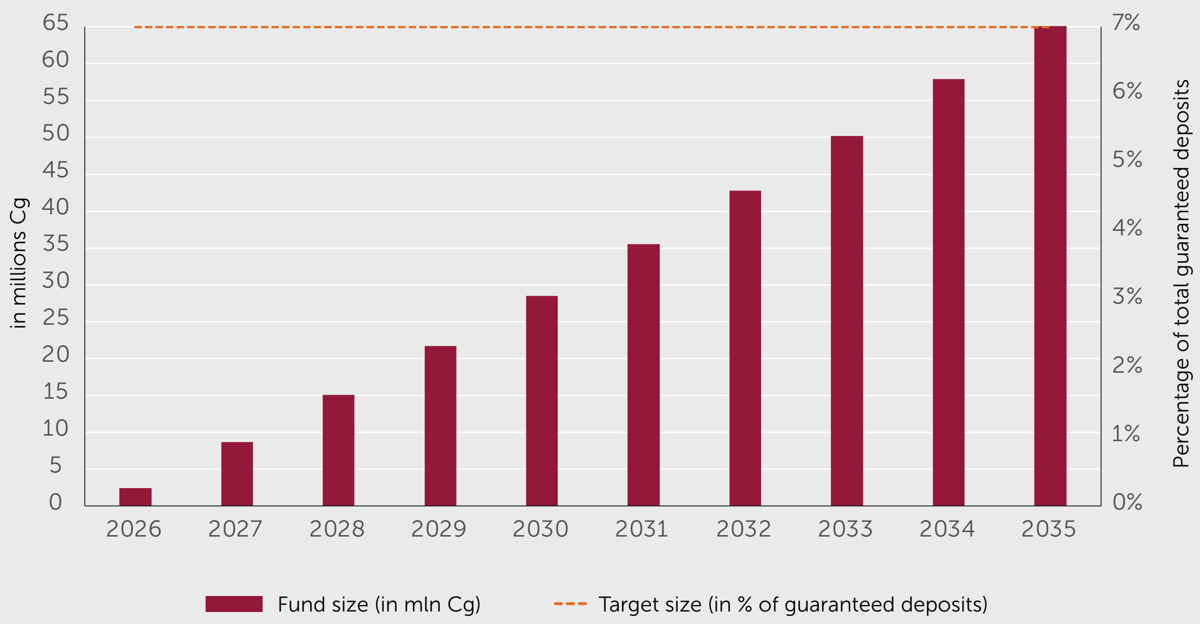
DGS.SX Deposit Guarantee Scheme

# HOW IS THE DEPOSIT GUARANTEE FUND BUILT UP?

In the appendix, related to article 2, of the Ministerial Regulation the formula used for the calculation of the base contribution is set out. Covered credit institutions pay a base contribution based on the average amount of guaranteed deposits they hold at the end of each quarter. As part of the base contribution calculation, both a correction factor and a risk-weight factor are applied, which are determined by the CBCS. The correction factor, in principle set at 1, is applied to ensure that annual contributions payments are distributed as evenly as possible over time, including in periods of growth in the deposit base. The risk-weight, in principle set at 1, is applied to take into account the risk profiles of the different business models of individual or specific types of credit institutions.

In the first year after the DGS has gone into effect; a transitional contribution calculation is applied. Instead of the full base contribution of 0.7% over the deposit base of a credit institution, a starting contribution of 0.3% is charged. The starting contribution is determined based on the deposit base as of September 30, 2026.

**Figure 1. Overview of the buildup of the Deposit Guarantee Fund Sint Maarten over 10 years**



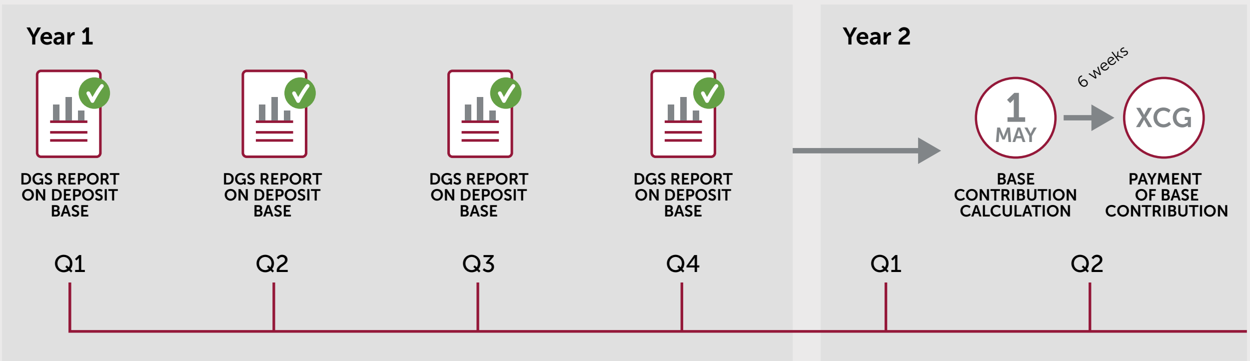
# HOW DOES THE CBCS DETERMINE THE BASE CONTRIBUTIONS TO BE PAID TO THE DGF?

The CBCS is responsible for calculating the base contributions and issues a decision to each credit institution for its annual contribution. These contributions are determined using the formula set out in the DGS regulation. The formal decision specifies the amount of the annual base contribution and the date on which the DGF Foundation must have received their payment.

The CBCS determines the base contribution each year before May 1st, based on the average deposit base reported by credit institutions at the end of each quarter during the previous year. A regulatory payment term of six weeks applies after the contribution has been determined. If a credit institution fails to submit the required data on time or submits incomplete data, the CBCS will estimate the size of the deposit base and determine the contribution accordingly.

If a credit institution does not or cannot fulfill the payment obligation of the base contribution within the set payment period, the DGF Foundation may, if necessary, take legal steps to recover the outstanding amount, including initiating proceedings before the Court of First Instance of Sint Maarten.

**Figure 2. Overview of the base contribution cycle**




The calculation of the base contributions depends on whether:

i. the fund needs to be built up to the target size

ii. the fund has reached its target size

iii. financial resources have been utilized, and the fund needs to be (partially) replenished

## i. Building up to the target size

If no DGS payout or other disbursement has taken place from the DGF, the base contribution is based on a build-up period of 10 years to a target size of 7% of the total guaranteed deposits. The base contribution per credit institution is calculated on an annual basis and is determined based on the following three factors:

- the deposit base of the respective credit institution
- the individual correction factor
- the individual risk-weight factor

**The deposit base** is calculated as the average of the guaranteed deposits at the quarter-ends of that year.

The **individual correction factor** is determined annually by the CBCS, based on the total base contributions paid by the credit institution up to the contribution calculation date. In principle, the correction factor is set at 1, however, the CBCS may determine a higher or lower factor for individual credit institutions within the range of 0.9 to 1.3 (**table 1**).

**Table 1**

| Correction factor | Situation when it may be applied: |
|---|---|
| 0 | The actual size of the DGF is equal to or exceeds the target size. |
| 0.9 – 1 | The base contributions paid up to the contribution calculation date exceed the amount required by that credit institution to reach the target size within 10 years. As might be the case when the average deposit base has decreased since the previous contribution calculation. |
| 1 – 1.3 | The base contributions paid up to the contribution calculation date are lower than the amount required by that credit institution to reach the target size within 10 years. As might be the case when the average deposit base has increased since the previous contribution calculation. |

The **individual risk-weight factor** is determined for each annual contribution cycle and is in principle set at 1. However, the CBCS may determine to adjust the risk weight for an individual or specific type of credit institution within a range between 0.75 and 1.5. The individual risk-weight factor is applied to consider:

- risk profiles of the different business models
- the asset side of the balance sheet and risk indicators such as capital adequacy, asset quality, liquidity, and profitability

### ii. Target size has been reached

Once the target size of 7% of total guaranteed deposits has been reached, the base contribution may be reduced or even set to zero. Based on the growth of deposits, possible investment returns, and costs, the CBCS will continue to provide an annual contribution calculation to the credit institutions. If the total deposit base increases, the base contributions required to maintain the target size will be determined accordingly.

### iii. Replenishment of the fund

After (a part of) the financial resources of the DGF have been utilized, the fund needs to be replenished. The calculation of the base contribution is likewise based on the remaining build-up period until the target size of 7% of guaranteed deposits will be reached. The CBCS will estimate the required annual contributions, taking into account incoming and outgoing cash flows such as bankruptcy estate distributions and repayment of external financing, to ensure the target size is reached within the set timeframe.

In this phase, the CBCS aims for an even distribution of annual contribution payments over the period until the fund is replenished to the target size. An annual percentage of 0.7% of the deposit base remains the basis for the base contribution calculation. However, in certain circumstances, a slower replenishment may suffice, and the correction factor may therefore be reduced to a minimum of 0.5 for all credit institutions.

## WHAT HAPPENS WITH THE PAID CONTRIBUTIONS IN CASE OF MUTATIONS AT CREDIT INSTITUTIONS?

Changes that may affect DGS coverage and the coverage of the funds:

- In case a **credit institution exits** the financial sector of Sint Maarten, accumulated contributions made by that credit institution remain part of the fund's assets. The DGF does not restitute contributions paid.
- A **new credit institution** licensed by the CBCS in Sint Maarten and eligible under the coverage of the DGS, is required to pay base contributions to the fund from the date the license was provided and deposits are held by the institution.
- When **two (or more) credit institutions merge**, or when a credit institution is taken over by a credit institution that is covered by the DGS Sint Maarten, the accumulated contributions in the fund are combined.
- In case of a **(partial) transfer of guaranteed** deposits between two credit institutions covered by the DGS Sint Maarten, the base contribution paid by the selling credit institution remains in the fund. Meaning, the acquiring credit institution does not have to pay base contribution for the deposit base for which contributions were paid in the previous period(s). The selling credit institution will not receive a restitution of contributions paid.

# HOW ARE THE FINANCIAL RESOURCES MANAGED BY THE DGF FOUNDATION?

The DGF Foundation is responsible for:
- managing the financial resources for the implementation of the DGS
- making the allocated compensations available
- determining and implementing the investment policy within the applicable legal framework

# HOW ARE THE FINANCIAL RESOURCES USED DURING A DGS REIMBURSEMENT?

The DGF Foundation makes financial resources from the fund available to repay the guaranteed amount to affected depositors under the DGS. This is done as follows:
1. the accumulated balance in the fund from the insolvent credit institution.
2. the remaining fund assets.

When the financial resources available in the DGF are insufficient, the CBCS determines (ex post) extraordinary contributions (see brochure on extraordinary contributions). In addition, the DGF may obtain financing from third parties in order to meet this obligation. Examples include the issuance of bonds secured by adequate collateral, credit facility or a credit agreement with one or more domestic or foreign credit institutions.

Following a DGS reimbursement, the DGF Foundation has a claim against the estate of the bankrupt credit institution. Once the DGF Foundation repays the guaranteed amount to a depositor, it is subrogated to the rights of that depositor and files its claim with the bankruptcy trustee (liquidator). Repayment then takes place from the estate distributions, based on the Foundation's position in the creditor hierarchy. This process may take several years, and to ensure the timely availability of sufficient financial resources, the CBCS may impose additional extraordinary contributions during the interim period to replenish the fund.

Repayments from the bankruptcy filing are allocated as follows:
1. First, credit institutions that have paid extraordinary contributions are compensated.
2. If a credit institution still has an outstanding obligation, this may be set off.
3. Thereafter, the remaining resources are added back to the fund.

If the DGF has borrowed funds from external parties, such as through a credit facility or bond issuance, these are, in principle, repaid using the extraordinary contributions.

***Disclaimer***

*This brochure is published by the Centrale Bank van Curaçao en Sint Maarten and provides an overview of the Deposit Guarantee Scheme (DGS) in Sint Maarten for general informational purposes only. The brochure does not create any rights or obligations and is not intended to provide a legal explanation or interpretation of the laws and regulations governing the DGS. For the exact legal framework underlying the DGS in Sint Maarten, please consult the relevant articles in the National Ordinance on the Supervision of the Banking and Credit Sector (AB 2019, no. 24), the National Decree for the Deposit Guarantee Scheme (AB 2026, no. 29), and the Ministerial Regulation for the Deposit Guarantee Scheme (AB 2026, no. 31). The content in this brochure is based on laws and regulations effective as of September 28, 2026. These laws and regulations may be amended over time, which could render some information in this brochure outdated. For the latest information regarding the legally binding versions of the applicable laws, regulations and deposit guarantee coverage, please consult the official legal publications of laws and regulations issued by the Government of Sint Maarten.*

www.centralbank.cw

**CBCS** CURAÇAO
Simon Bolivar Plein 1, Willemstad, Curaçao
T: + 5999 434 5500

**CBCS** SINT MAARTEN
Walter Nisbeth Road 25, Pondfill, Philipsburg, Sint Maarten
T: +1721 542 3520