

**REPUBLIQUE  
DE  
VANUATU**  
*JOURNAL OFFICIEL*



**REPUBLIC  
OF  
VANUATU**  
*OFFICIAL GAZETTE*

13 DECEMBRE 2010

NO. 37

13 DECEMBER 2010

SONT PUBLIES LES TEXTES SUIVANTS

NOTIFICATION OF PUBLICATION

ORDER

CONSTITUTION OF THE REPUBLIC OF  
VANUATU

- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 88 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 89 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 90 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 91 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 92 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 93 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 94 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 95 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 96 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 97 OF 2010

- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 98 OF 2010
- INSTRUMENT OF APPOINTMENT OF MINISTER ORDER NO. 99 OF 2010

**LAND ACQUISITION ACT [CAP 215]**

- DECLARATION THAT LAND IS REQUIRED FOR PUBLIC PURPOSES ORDER NO. 100 OF 2010

**JUDICIAL SERVICES AND COURTS ACT [CAP 270]**

- 2010 COURTS RECESS ORDER NO. 101 OF 2010

**LOI SUR LE SERMENT OFFICIEL [CAP 37]**

- SERMENT OFFICIEL DE SATO KILMAN – PREMIER MINISTRE DE LA REPUBLIQUE DE VANUATU
- SERMENT D'ALLEGENCE DE SATO KILMAN – PREMIER MINISTRE DE LA REPUBLIQUE DE VANUATU
- SERMENT OFFICIEL DE MAXIME CARLOT KORMAN- PRESIDENT DU PARLEMENT DE LA REPUBLIQUE DE VANUATU
- SERMENT D'ALLEGENCE DE MAXIME CARLOT KORMAN- PRESIDENT DU PARLEMENT DE LA REPUBLIQUE DE VANUATU

**THE OATHS ACT [CAP 37]**

- OFFICIAL OATH OF SATO KILMAN – PRIME MINISTER OF THE REPUBLIC OF VANUATU
- THE OATH OF ALLEGIANCE OF SATO KILMAN – PRIME MINISTER OF THE REPUBLIC OF VANUATU
- OFFICIAL OATH OF HAM LINI VANUAROROA – DEPUTY PRIME MINISTER AND MINISTER OF TRADE, COMMERCE, INDUSTRY AND TOURISM
- THE OATH OF ALLEGIANCE OF HAM LINI VANUAROROA - DEPUTY PRIME MINISTER AND MINISTER OF TRADE, COMMERCE, INDUSTRY AND TOURISM
- OFFICIAL OATH OF MAXIME CARLOT KORMAN – SPEAKER OF PARLIAMENT OF THE REPUBLIC OF VANUATU.
- THE OATH OF ALLEGIANCE OF MAXIME CARLOT KORMAN – SPEAKER OF PARLIAMENT OF THE REPUBLIC OF VANUATU
- OFFICIAL OATH OF GEORGE ANDRE WELLS – MINISTER OF FOREIGN AFFAIRS AND EXTERNAL TRADE

- THE OATH OF ALLEGIANCE OF GEORGE ANDRE WELLS - MINISTER OF FOREIGN AFFAIRS AND EXTERNAL TRADE
- OFFICIAL OATH OF MARCELINO PIPITE – MINISTER OF AGRICULTURE, QUARANTINE, FORESTRY AND FISHERIES
- THE OATH OF ALLEGIANCE OF MARCELINO PIPITE - MINISTER OF AGRICULTURE, QUARANTINE, FORESTRY AND FISHERIES
- OFFICIAL OATH OF YOAN SIMON – MINISTER OF EDUCATION
- THE OATH OF ALLEGIANCE OF YOAN SIMON – MINISTER OF EDUCATION
- OFFICIAL OATH OF HARRIS IAUKO - MINISTER OF PUBLIC UTILITIES AND INFRASTRUCTURE
- THE OATH OF ALLEGIANCE OF HARRIS IAUKO – MINISTER OF PUBLIC UTILITIES AND INFRASTRUCTURE
- OFFICIAL OATH OF MORKIN STEVEN IATIKA – MINISTER OF YOUTH DEVELOPMENT AND TRAINING
- THE OATH OF ALLEGIANCE OF MORKIN STEVEN IATIKA - MINISTER OF YOUTH DEVELOPMENT AND TRAINING
- OFFICIAL OATH OF WILLIE LOP – MINISTER OF INTERNAL AFFAIRS
- THE OATH OF ALLEGIANCE OF WILLIE LOP – MINISTER OF INTERNAL AFFAIRS
- OFFICIAL OATH OF DON KEN – MINISTER OF HEALTH
- THE OATH OF ALLEGIANCE OF DON KEN - MINISTER OF HEALTH
- OFFICIAL OATH OF RALPH REGENVANU – MINISTER OF NI-VANUATU BUSINESS DEVELOPMENT

- THE OATH OF ALLEGIANCE OF RALPH REGENVANU – MINISTER OF NI-VANUATU BUSINESS DEVELOPMENT

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## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 88 of 2010

In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

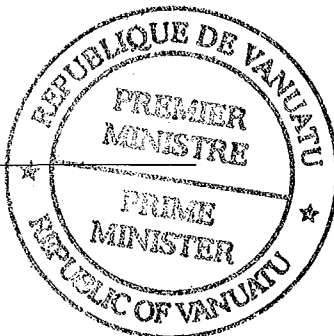
**HAM LINI VANUAROROA** as Deputy Prime Minister and Minister responsible for Trade, Commerce, Industry and Tourism.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02nd day of December, 2010.



Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 89 of 2010

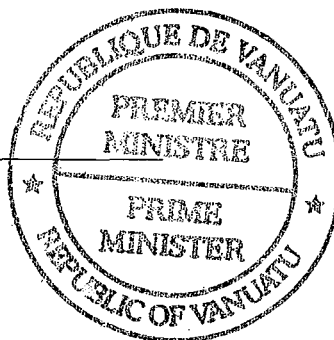
In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**DUNSTAN HILTON** as Minister responsible for Justice and Social Welfare.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02nd day of DECEMBER 2010.

  
Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 90 of 2010

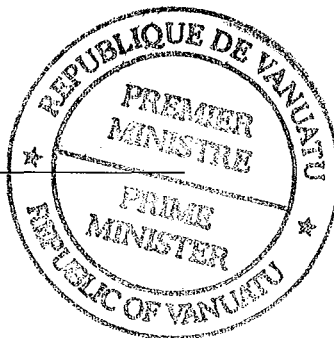
In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**GEORGE ANDRÉ WELLS** as Minister responsible for Foreign Affairs and External Trade.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02nd day of DECEMBER, 2010.

Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 91 of 2010

In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

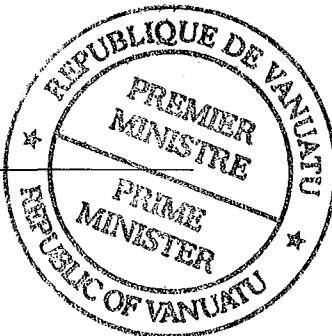
**MOANA KALOSIL CARCASSES** as Minister responsible for Finance and Economic Management.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02nd day of DECEMBER 2010.

A handwritten signature in black ink, appearing to be 'SK', written over a horizontal line.

Honourable SATO KILMAN  
Prime Minister







## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 92 of 2010

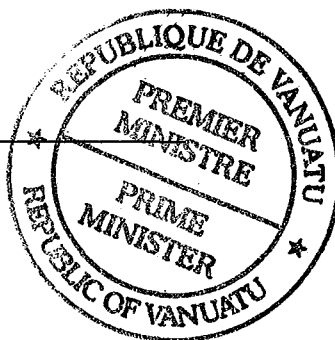
In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**PAUL TELUKLUK** as Minister responsible for Lands, Geology and Rural Water Supply.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02<sup>nd</sup> day of December 2010.

  
Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 93 of 2010

In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

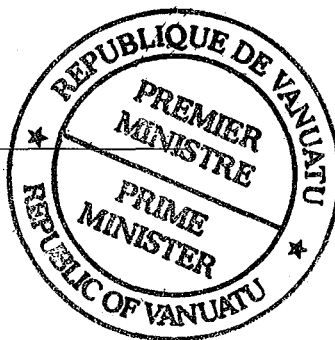
**MARCELINO PIPITE** as Minister responsible for Agriculture, Quarantine, Forestry and Fisheries.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02<sup>nd</sup> day of December, 2010.



Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

### INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 94 of 2010

In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**YOAN SIMON** as Minister responsible for Education.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02<sup>nd</sup> day of December 2010.

Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 95 of 2010

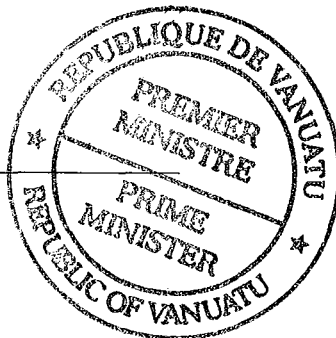
In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**HARRIS IAUKO** as Minister responsible for Public Utilities and Infrastructure.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02<sup>nd</sup> day of December 2010.

  
Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 96 of 2010

In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

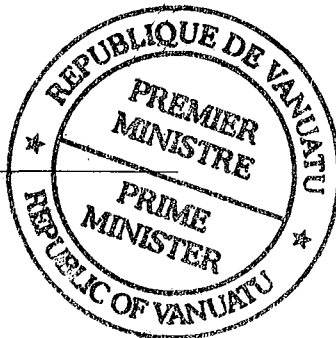
**MORKIN STEVEN IATIKA** as Minister responsible for Youth Development and Training.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02nd day of DECEMBER 2010.

A handwritten signature in black ink, appearing to read 'Sato Kilman', written over a horizontal line.

Honourable SATO KILMAN  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 97 of 2010

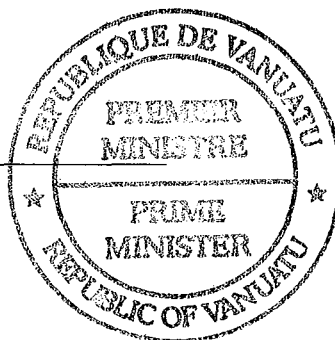
In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**WILLIE LOP** as Minister responsible for Internal Affairs.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02nd day of DECEMBER, 2010.

  
Honourable **SATO KILMAN**  
Prime Minister





## REPUBLIC OF VANUATU

# CONSTITUTION OF THE REPUBLIC OF VANUATU

## INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 98 of 2010

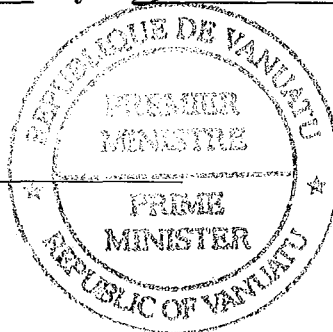
In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**DON KEN** as Minister responsible for Health.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02<sup>nd</sup> day of DECEMBER 2010.

Honourable **SATO KILMAN**  
Prime Minister





## REPUBLIC OF VANUATU

### CONSTITUTION OF THE REPUBLIC OF VANUATU

#### INSTRUMENT OF APPOINTMENT OF MINISTER

Order No. 99 of 2010

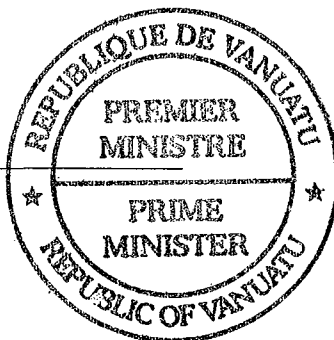
In exercise of the power conferred on me by Subarticle 42(1) of the Constitution of the Republic of Vanuatu, I, the Honourable SATO KILMAN, Prime Minister, appoint the following Honourable Member of Parliament as a Minister of State:

**RALPH REGENVANU** as Minister responsible for Ni-Vanuatu Business Development.

This Instrument of Appointment commences on the day on which it is made.

Made at Port Vila this 02nd day of December 2010.

Honourable SATO KILMAN  
Prime Minister







## REPUBLIC OF VANUATU

### LAND ACQUISITION ACT [CAP 215]

#### Declaration that Land is required for Public Purposes

#### Order No. 100 of 2010

In exercise of the powers conferred on me by section 6 of the Land Acquisition Act [CAP 215], I, the Honourable PAUL BATHELEMY TELUKLUK, Minister of Lands, make the following Order.

#### 1 Declaration that Land is required for a Public Purpose

- (a) The land name Nakane Customary Land located on the area of Imanaka on the island of Tanna as identified by the registered survey plan of Lease Title 14/2213/670 that is attached, is declared as a Land that is required for a public purpose to be acquired by the Government under this Act.
- (b) The Land referred to under paragraph (a) is required for public purpose for the use and maintenance of public facilities and Government offices located on that land.

#### 2 Commencement

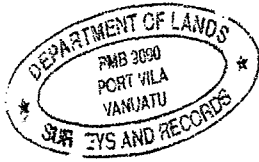
This Order comes into force on the date on which it is published on the Gazette.

Made at Port Vila this 24 day of November, 2010.

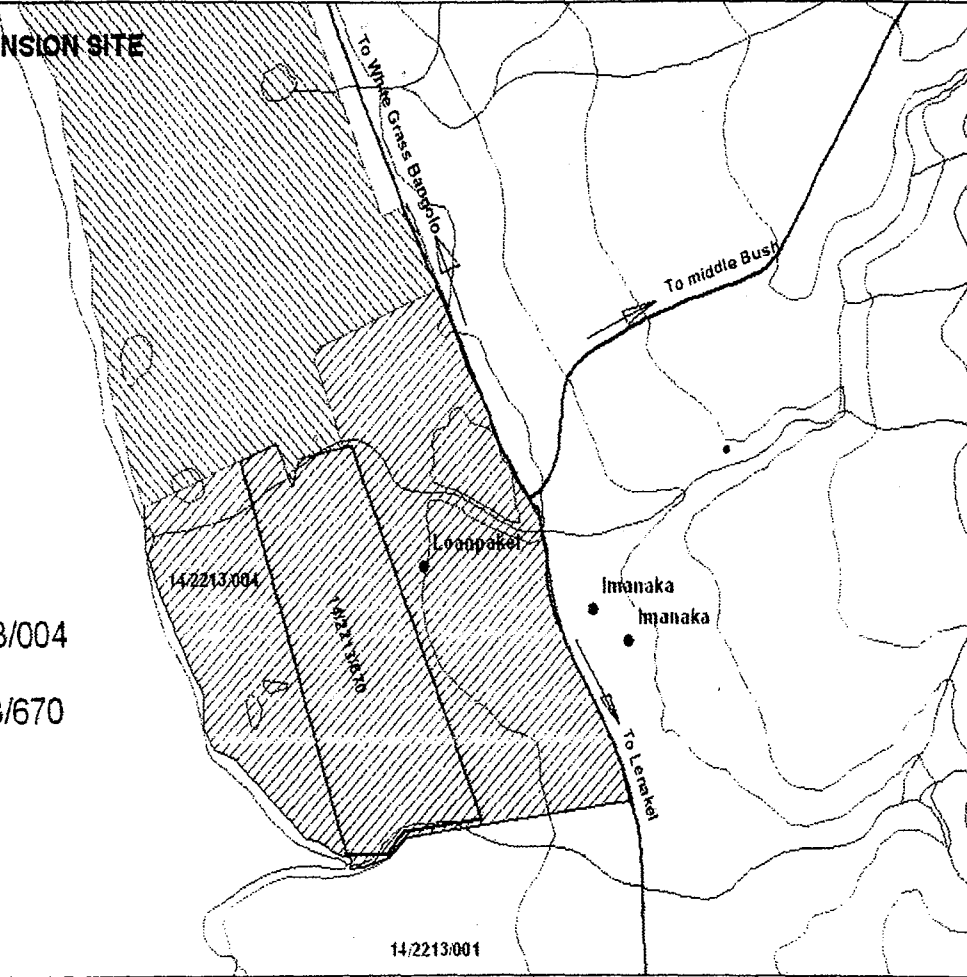
*Paul Bathelemy Telukluk*  
Honourable PAUL BATHELEMY TELUKLUK  
Minister of Lands, Energy, Geology, Mines and Natural Resources



**WHITE GRASS AIRPORT EXTENSION SITE**



- 14/2213/004
- 14/2213/670



14/2213/001

REPUBLIC OF VANUATU



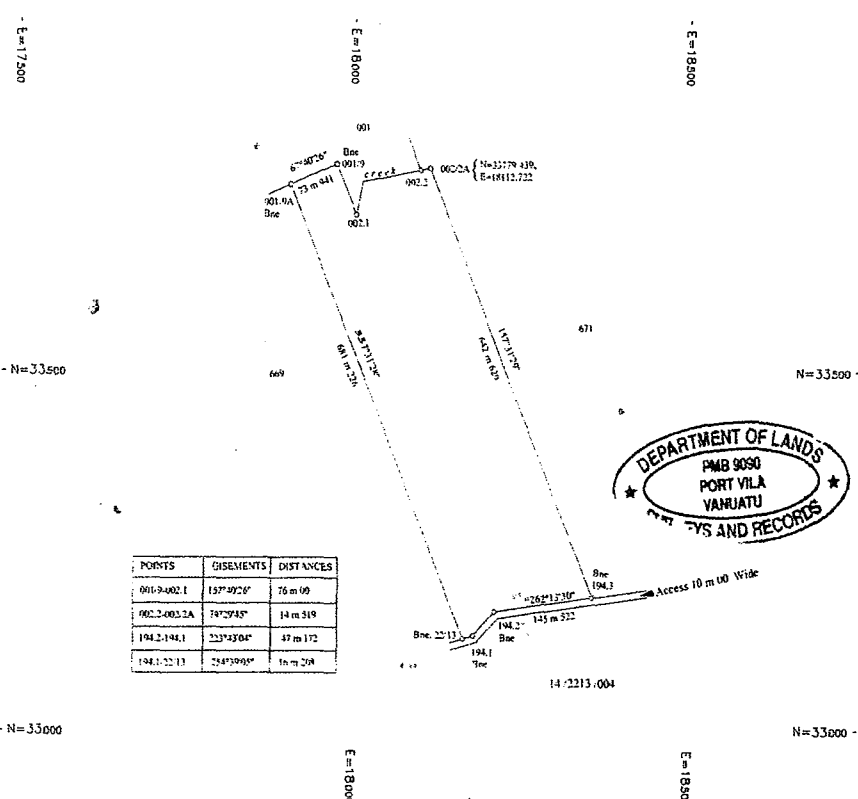
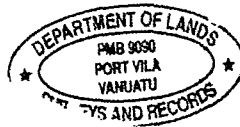
REPUBLIQUE DE VANUATU

Island Ile **TANNA**

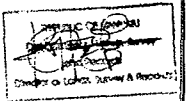
Title Titre 14/2213/670

Name of Property  
Nom de la propriété

Area Superficie **12 ha 98 a 60 ca**



POINTS	BISSEMENTS	DISTANCES
001.2-002.1	137°40'26"	76 m 00
002.2-002.3	147°31'36"	14 m 219
194.2-194.1	223°43'04"	47 m 172
194.1-22.13	265°17'30"	14 m 219



Survey Department		Service Topographique			
Survey by Levé par	CTF Ltd	Computed by Calculé par	CTF Ltd	Checked by Vérifié par	SR
Drawn by Dessiné par	CTF Ltd	Checked by Vérifié par	CTF Ltd	Approved by Approuvé par	22295

I PHUNG Maurice of C.T.F. Ltd. being a registered Land Surveyor No 18 hereby certify that this plan has been drawn as a result of a survey carried out by me or under my direction on the 15th day of SEPTEMBER 2009

Registered Surveyor

**CTF** CABINET TOPOGRAPHIQUE & FONCIER LTD  
145, rue de la Paix, 118  
Port Vila  
Maurice PHUNG  
Gouverneur agréé N° 18  
Tél. / Fax : 26781

System TM77

Scale Echelle 1/5000

Date 21 SEP 2009

# REPUBLIC OF VANUATU



## CHIEF JUSTICE'S CHAMBERS

### ORDER FOR 2010 COURTS RECESS

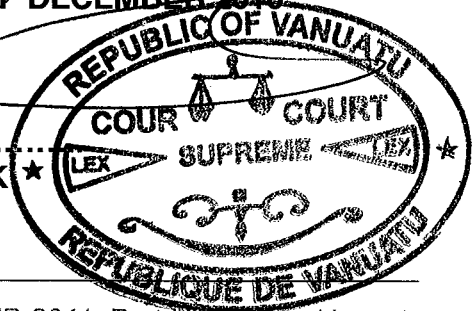
Order No. 101 of 2010

**IN EXERCISE** of the powers conferred by Rule 18 of the Civil Procedure Rules 2002, **I HEREBY make the following ORDERS:**

1. That the Court recess of 2010 shall be from 20 December 2010 to 21 January 2011.
2. That this Order shall apply to all courts.
3. That during the recess period, there will be no court sittings, except for cases or matters and/or situations requiring urgent court sittings or hearings.
4. That subject to (a) below, all Court Registries will remain open and operate during the court recess; and
  - (a) The Court Registries shall be closed from 24 December 2010 to 31 December 2010.
  - (b) Court cases already listed for hearing from 20 December 2010 to 31 December 2010 shall still be on unless directed otherwise by the Presiding Judicial Officer.
5. That during the recess period, Duty Judges and Magistrates will be provided only for cases requiring urgent court sittings or hearings.
6. That the courts sessions shall officially open on 28 January 2010.
7. That this Order comes into force at the date of its signature.

**DATED at PORT-VILA this 6<sup>th</sup> DAY OF DECEMBER 2010**

Vincent LUNABEK ★  
Chief Justice



PARLIAMENT OF THE REPUBLIC OF VANUATU



THE OATHS ACT (CAP 37)

OFFICIAL OATH

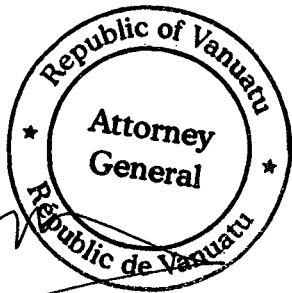
I, Sato Kilman, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the Law and will conscientiously and impartially and to the best of my ability discharge my duties as **Prime Minister of the Republic of Vanuatu** and do right to all manner of people without fear or favour, affection or ill-will.

So help me God.

SWORN at Parliament, Port-Vila

This 2nd day of December 2010

BEFORE ME



ISHMAEL KALSAKAU ALATOI  
ATTORNEY GENERAL

  
PRIME MINISTER

PARLEMENT DE LA RÉPUBLIQUE DE VANUATU



LOI NO. 10 DE 1998

SERMENT OFFICIEL

Je soussigné, Kilman Lato, ayant dûment été élu Premier ministre de la République de Vanuatu, m'engage solennellement devant Dieu tout-puissant à accomplir sans faillir les devoirs de ma fonction, à faire respecter la Constitution et la Loi et à servir consciencieusement le Peuple et la République sans partialité, crainte ni favoritisme.

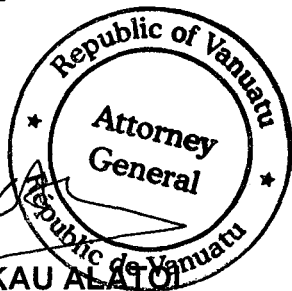
En mon âme et conscience.

FAIT au Parlement

À Port-Vila le 2 décembre 2010

EN PRÉSENCE DE

  
ISHMAEL KALSAKAU ALATO  
ATTORNEY GÉNÉRAL



  
PREMIER MINISTRE

PARLIAMENT OF THE REPUBLIC OF VANUATU



THE OATHS ACT (CAP 37)

THE OATH OF ALLEGIANCE

I, Sabo Kilman, Prime Minister of the Republic of Vanuatu, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

So help me God.

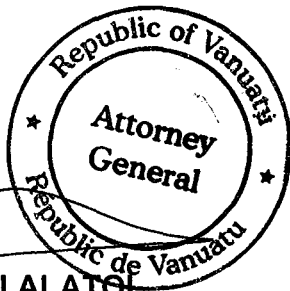
SWORN at Parliament, Port-Vila

This 2<sup>nd</sup> day of December 2010

BEFORE ME

A handwritten signature in black ink, appearing to read 'Ishmael Kalsakau Alatoi'.

ISHMAEL KALSAKAU ALATOI  
ATTORNEY GENERAL



A handwritten signature in black ink, appearing to read 'Sabo Kilman'.

PRIME MINISTER

PARLEMENT DE LA RÉPUBLIQUE DE VANUATU



LOI NO. 10 DE 1998

SERMENT D'ALLÉGEANCE

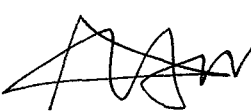
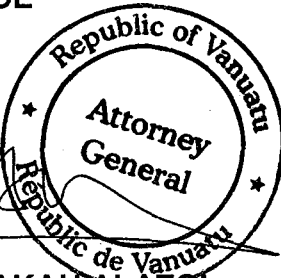
Je soussigné, Kilman Lako, ayant dûment été élu Premier ministre de la République de Vanuatu, m'engage solennellement devant Dieu tout-puissant à servir de mon mieux et à porter allégeance totale à la République de Vanuatu selon la Loi.

En mon âme et conscience.

FAIT au Parlement

À Port-Vila le 2 décembre 2010

EN PRÉSENCE DE

  
  
ISHMAEL KALSAKAU ALATOI  
ATTORNEY GÉNÉRAL

  
PREMIER MINISTRE



**REPUBLIC OF VANUATU**

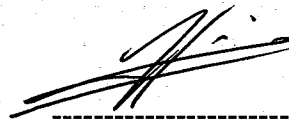
**OATHS ACT [CAP 37]**

**OFFICIAL OATH**

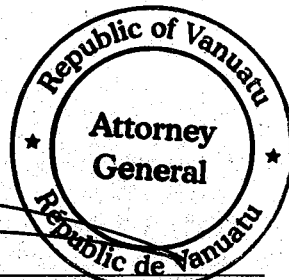
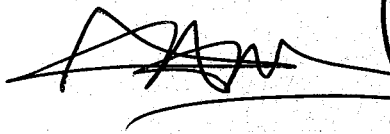
I, **HAM LINI VANUAROROA**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

  
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**Before Me:**



**ALATOI ISHMAEL KALSAKAU**  
**Attorney General**  
**of the Republic of Vanuatu**





**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

**OATH OF ALLEGIANCE**

I, **HAM LINI VANUAROROA**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

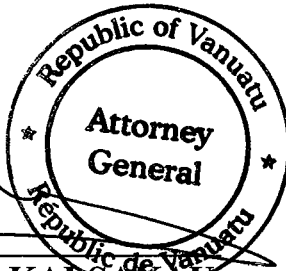
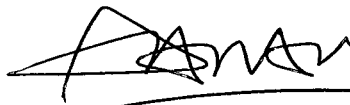
**So Help Me God.**

**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

]  
]

  
-----

**Before Me:**



**ALATOI ISHMAEL KALSAKAU**  
Attorney General  
of the Republic of Vanuatu

PARLIAMENT OF THE REPUBLIC OF VANUATU



THE OATHS ACT (CAP 37)

OFFICIAL OATH

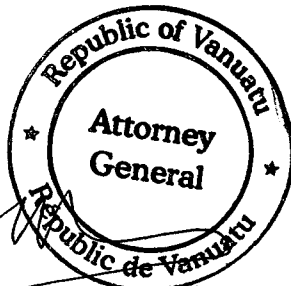
I, Maxime Carlot Roman, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the Law and will conscientiously and impartially and to the best of my ability discharge my duties as **Speaker of Parliament of the Republic of Vanuatu** and do right to all manner of people without fear or favour, affection or ill-will.


So help me God.

SWORN at Parliament, Port-Vila

This 2<sup>nd</sup> day of December 2010

BEFORE ME



  
ISHMAEL KALSAKAU ALATOI  
ATTORNEY GENERAL

  
.....  
SPEAKER OF PARLIAMENT

PARLEMENT DE LA RÉPUBLIQUE DE VANUATU



LOI NO. 10 DE 1998

SERMENT OFFICIEL


Je soussigné, Korman Carlot Maxime, ayant dûment été élu **Président du Parlement de la République de Vanuatu**, m'engage solennellement devant Dieu tout-puissant à accomplir sans faillir les devoirs de ma fonction, à faire respecter la Constitution et la Loi et à servir consciencieusement le Peuple et la République sans partialité, crainte ni favoritisme.

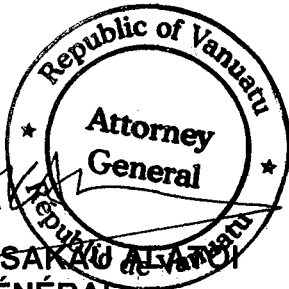
En mon âme et conscience.

FAIT au Parlement

À Port-Vila le 2 décembre 2010

EN PRÉSENCE DE

  
ISHMAEL KALSAKAL  
ATTORNEY GÉNÉRAL

The seal of the Attorney General of Vanuatu, featuring a circular border with the text "Republic of Vanuatu" at the top and "Attorney General" in the center, flanked by two stars.

  
PRÉSIDENT DU PARLEMENT

PARLIAMENT OF THE REPUBLIC OF VANUATU



THE OATHS ACT (CAP 37)

THE OATH OF ALLEGIANCE

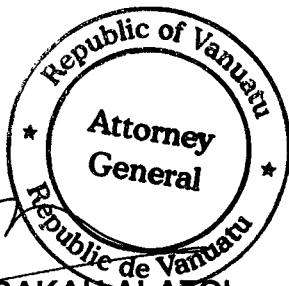
I, Maxime Carlot Korman Speaker of Parliament of the Republic of Vanuatu, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

So help me God.

SWORN at Parliament, Port-Vila

This 2nd day of December 2010

BEFORE ME



A handwritten signature in black ink, appearing to be 'Ishmael Kalsakau Alatoi'.

ISHMAEL KALSAKAU ALATOI  
ATTORNEY GENERAL

A handwritten signature in black ink, appearing to be 'Maxime Carlot Korman'.

SPEAKER OF PARLIAMENT

PARLEMENT DE LA RÉPUBLIQUE DE VANUATU



LOI NO. 10 DE 1998

SERMENT D'ALLÉGEANCE


Je soussigné, Korman Carlot Maxime, ayant dûment été élu  
Président du Parlement de la République de Vanuatu, m'engage solennellement  
devant Dieu tout-puissant à servir de mon mieux et à porter allégeance totale à la  
République de Vanuatu selon la Loi.

En mon âme et conscience.

FAIT au Parlement

À Port-Vila le \_\_\_\_\_ 2010

EN PRÉSENCE DE

  
ISHMAEL KALSAKAN  
ATTORNEY GÉNÉRAL

The seal of the Attorney General of Vanuatu, featuring a circular border with the text 'Republic of Vanuatu' and 'RÉPUBLIQUE DE VANUATU', and a central circle with the text 'Attorney General'.

  
PRÉSIDENT DU PARLEMENT



**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

**OFFICIAL OATH**

I, **GEORGE ANDRÉ WELLS**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

**Before Me:**

**ALATOI ISHMAEL KALSAKAU**  
**Attorney General**  
**of the Republic of Vanuatu**



**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

**OATH OF ALLEGIANCE**

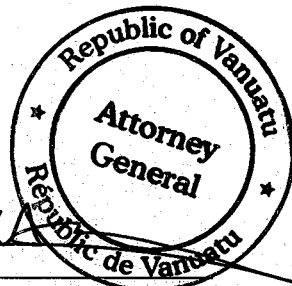
I, **GEORGE ANDRÉ WELLS**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

**So Help Me God.**

**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

]  
]

**Before Me:**



**ALATOI ISHMAEL KALSAKAU**  
**Attorney General**  
**of the Republic of Vanuatu**



**REPUBLIC OF VANUATU**

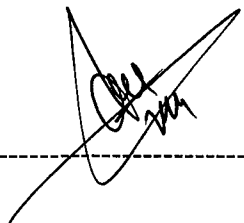
**OATHS ACT [CAP 37]**

**OFFICIAL OATH**

I, **MARCELINO PIPITE**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

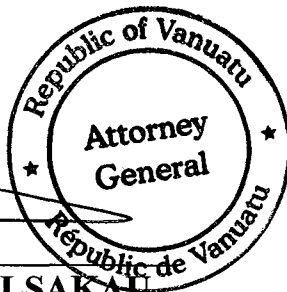
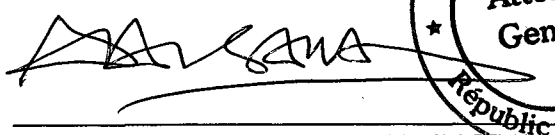
**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]



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**Before Me:**



**ALATOI ISHMAEL KALSAKAU**  
**Attorney General**  
**of the Republic of Vanuatu**





**REPUBLIC OF VANUATU**

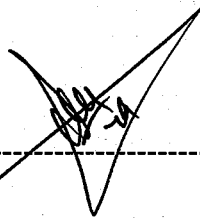
**OATHS ACT [CAP 37]**

**OATH OF ALLEGIANCE**

I, **MARCELINO PIPITE**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

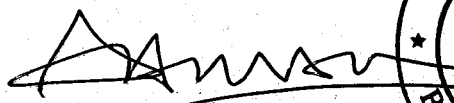
**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of December, 2010. ]

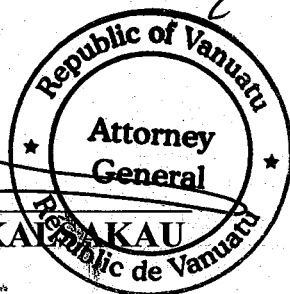


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**Before Me:**



**ALATOI ISHMAEL KAITAKAU**  
Attorney General  
of the Republic of Vanuatu





**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

**OFFICIAL OATH**

I, **YOAN SIMON**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

**Before Me:**

**ALATOI ISHMAEL KALSAKA**  
**Attorney General**  
**of the Republic of Vanuatu**



**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

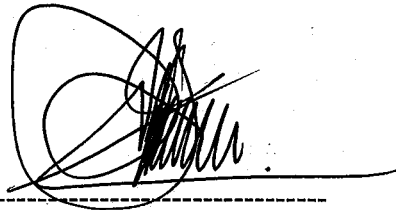
**OATH OF ALLEGIANCE**

I, **YOAN SIMON**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

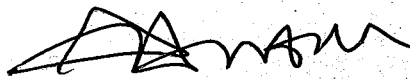
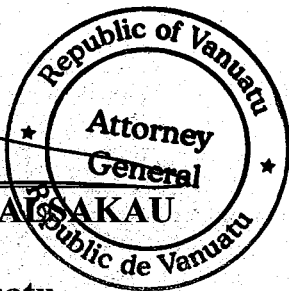
**So Help Me God.**

**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

]  
]



**Before Me:**

  
**ALATOI ISHMAEL KAKA**  
**Attorney General**  
**of the Republic of Vanuatu**



**REPUBLIC OF VANUATU**


**OATHS ACT [CAP 37]**

**OFFICIAL OATH**

I, **HARRIS IAUKO**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

**So Help Me God.**

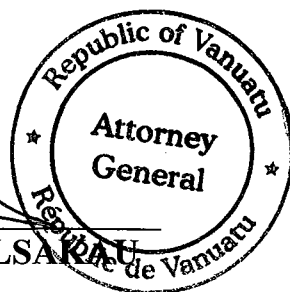
**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

  
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**Before Me:**



**ALATOI ISHMAEL KALSAKAU**  
**Attorney General**  
**of the Republic of Vanuatu**





**REPUBLIC OF VANUATU**

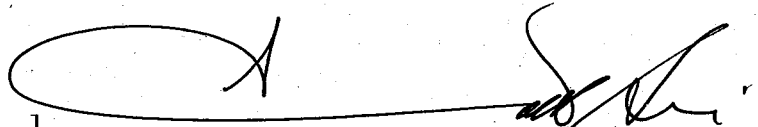
**OATHS ACT [CAP 37]**

**OATH OF ALLEGIANCE**


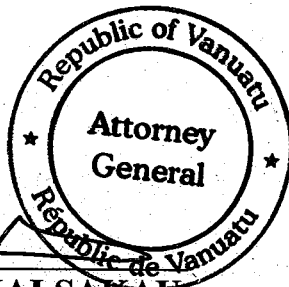
I, **HARRIS IAUKO**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

**So Help Me God.**

**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

  
-----

**Before Me:**

  
  
**ALATOI ISHMAEL KALSAKAU**  
Attorney General  
of the Republic of Vanuatu



**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

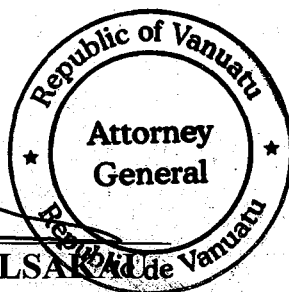
**OFFICIAL OATH**

I, **MORKIN STEVEN IATIKA**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

**Before Me:**



**ALATOI ISHMAEL KALSAK**  
**Attorney General**  
**of the Republic of Vanuatu**



**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

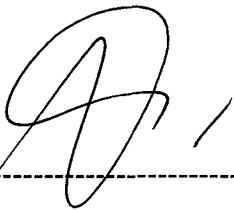
**OATH OF ALLEGIANCE**

I, **MORKIN STEVEN IATIKA**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.


**So Help Me God.**

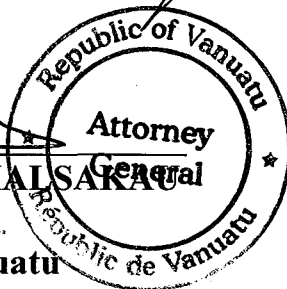
**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

] ]

  
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**Before Me:**

  
**ALATOI ISHMAEL KALSAKAU**  
Attorney General  
of the Republic of Vanuatu





**REPUBLIC OF VANUATU**

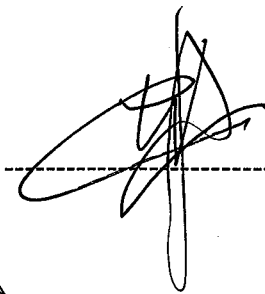
**OATHS ACT [CAP 37]**

**OFFICIAL OATH**

I, **WILLIE LOP**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.


**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

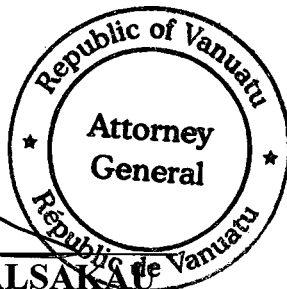


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**Before Me:**



**ALATOI ISHMAEL KALSAKAU**  
**Attorney General**  
**of the Republic of Vanuatu**







**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

**OATH OF ALLEGIANCE**

I, **WILLIE LOP**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

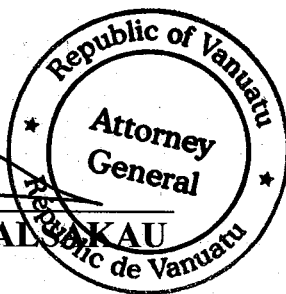
**So Help Me God.**

**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

]  
]

**Before Me:**

**ALATOI ISHMAEL KALSAKAU**  
Attorney General  
of the Republic of Vanuatu





**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

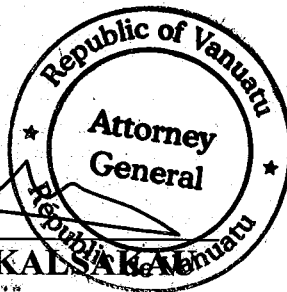
**OFFICIAL OATH**

I, **DON KEN**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

**Before Me:**



**ALATOI ISHMAEL KAL**  
**Attorney General**  
**of the Republic of Vanuatu**



**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

**OATH OF ALLEGIANCE**


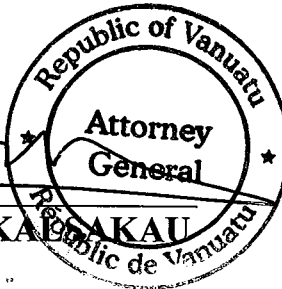
I, **DON KEN**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

**So Help Me God.**

**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

]  
]

**Before Me:**

**ALATOI ISHMAEL KAKA**  
**Attorney General**  
**of the Republic of Vanuatu**



**REPUBLIC OF VANUATU**

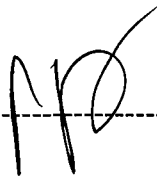
**OATHS ACT [CAP 37]**

**OFFICIAL OATH**

I, **RALPH REGENVANU**, do swear that I will bear true faith and allegiance to the Republic of Vanuatu and will uphold the Constitution and the law and I will conscientiously, impartially and to the best of my ability discharge my duties as **Minister of State** and do right to all manner of people without fear or favour, affection or ill-will.

**So Help Me God.**

**SWORN** at Port Vila ]  
this 2<sup>nd</sup> day of ]  
December, 2010. ]

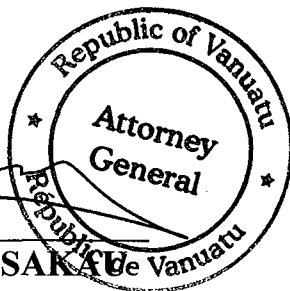


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**Before Me:**



**ALATOI ISHMAEL KALSAK**  
**Attorney General**  
**of the Republic of Vanuatu**





**REPUBLIC OF VANUATU**

**OATHS ACT [CAP 37]**

**OATH OF ALLEGIANCE**

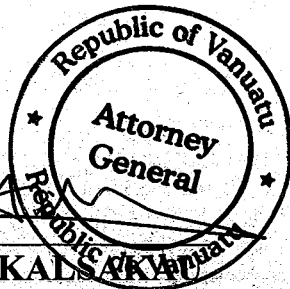
I, **RALPH REGENVANU**, do swear that I will well and truly serve and bear true allegiance to the Republic of Vanuatu according to law.

**So Help Me God.**

**SWORN** at Port Vila  
this 2<sup>nd</sup> day of December, 2010.

] ]

**Before Me:**



**ALATOI ISHMAEL KALS**  
**Attorney General**  
**of the Republic of Vanuatu**



# RESERVE BANK OF VANUATU

## REPUBLIC OF VANUATU

### THE FINANCIAL INSTITUTION ACT CAP. 254

*Pursuant to section 21 (2A) (2B) of the Financial Institution Act, the Reserve Bank has revised prudential guideline No.4 and hereby issues the following:*

#### ***Bank Supervision Policy Guideline No: 4 (Revised)***

#### **CAPITAL ADEQUACY OF BANKS**

1. This Statement describes the approach used by the Reserve Bank of Vanuatu (Reserve Bank) for assessing the capital adequacy of Vanuatu banks (and their consolidated groups). These guidelines focus on credit and operational risk. Other factors need to be considered, as a separate matter, in assessing the overall capital adequacy of a bank. These include the quality of its assets, profitability, liquidity, market risk, credit risk concentrations, adequacy of provisioning and the effectiveness of the bank's management systems for monitoring and controlling risks.
2. It is the responsibility of a bank's board and management to ensure that it has in place adequate systems to identify and measure risks and appropriate capital cover against those risks.
3. The Reserve Bank attaches great importance to ensuring that the capital resources of individual banks are adequate for the size, quality and type of their business. The Reserve Bank's approach is consistent in all substantial respects with the approach recommended by the Basle Committee on Banking Supervision.

#### **General Framework**

4. The focus of these guidelines is on banks holding adequate capital to meet their credit risk (i.e. the potential risk of default by a borrower or counterparty) including country transfer risk and operational risk. For credit risk, account is taken, in a limited way, of collateral and guarantees.
5. For purposes of assessing credit risk, balance sheet assets and off balance sheet exposures are weighted according to broad categories of relative risk, based largely on the nature of the counterparty. The higher the risk, the greater is the capital backing required.
6. Risk weightings seek to take account, on a portfolio basis, of the relative likelihood of counterparties being unable to meet their obligations to a bank. The risk weights used reflect broad judgments about potential risk of types of counterparties and are not intended to be a detailed guide to the assessment of credit risk associated with exposures to individual counterparties. It is the responsibility of each bank to individually assess the credit risk associated in dealing with a counterparty, to allocate the appropriate amount of capital to cover that risk and to suitably price the transactions to reflect the risk.

7. Off balance sheet transactions are converted to balance sheet equivalents before being allocated a risk weight.
8. For purposes of assessing capital coverage of operational risk, average gross income<sup>1</sup> over the previous three years is converted into "operational risk-weighted" assets using a fixed percentage. When calculating average gross income, any year in which annual gross income is negative or zero is excluded from both the numerator and denominator when calculating the average.
9. The sum of risk weighted balance sheet assets, risk weighted off balance sheet business and operational risk-weighted assets is related to a bank's capital and the resulting "risk ratio" is used as a measure of capital adequacy.

#### Coverage and Consolidation

10. The guidelines apply to all Vanuatu banks. Foreign banks operating through branches in Vanuatu are not subject to these guidelines; they are required to be subject to equivalent capital adequacy standards by their home country supervisors.
11. The primary focus of these guidelines is on the global operations of a bank and its subsidiaries.

#### Minimum Capital Standards

12. Each Vanuatu bank is expected to maintain a minimum ratio of total capital to risk-weighted assets, on both a consolidated group and stand-alone basis, of 12 per cent (of which at least one-half must be Tier 1 capital). These levels will be kept under review.
13. The Reserve Bank may require a bank to maintain a higher minimum ratio, eg for a newly established bank, or a bank judged to have an excessive concentration of credit risk exposures or significant other risk exposures.

#### Definition of Capital

14. Capital is the cornerstone of a bank's strength. The presence of substantial capital re-assures creditors and engenders confidence in a bank.
15. The essential characteristics of capital are that it should:
  - i. represent a permanent and unrestricted commitment of funds;
  - ii. be freely available to absorb losses and thereby enable a bank to keep operating whilst any problems are resolved;
  - iii. not impose any unavoidable charge on the earnings of the bank; and
  - iv. rank below the claims of depositors and other creditors in the event of the winding up of a bank.
16. Capital, for supervisory purposes, is considered in two tiers. Tier 1 (or core capital) comprises the highest quality capital elements. Tier 2 (or supplementary capital) represents other elements which

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<sup>1</sup>Gross income is calculated as the balance of net interest income plus non-interest income but excluding any gains/losses from securities transactions and provisions for bad loans.

do not satisfy all of the characteristics of Tier 1 capital but which contribute to the overall strength of a bank as a going concern. A summary of the main elements of capital is given in Attachment I.

17. A bank's capital base (or total capital) is the sum of its Tier 1 and Tier 2 capital less any deductions. At least 50 per cent of a bank's capital base must be Tier 1 capital.

#### Tier 1 Capital

18. The foundation of a bank's capital is made up of permanent shareholders' equity and disclosed reserves (created or increased by appropriation of retained earnings or other surplus). Such elements fully meet the essential characteristics of capital and represent capital resources which can best contribute resilience and flexibility to a bank experiencing financial difficulties.
19. Tier 1 capital means capital which (i) represents a permanent and unrestricted commitment of funds, (ii) is freely available to absorb losses, (iii) does not impose any unavoidable charge on the earnings of the bank, and (iii) ranks below the claims of depositors and other creditors in the event of the winding-up of the bank. Tier-1 capital consists of:
  - a. paid-up ordinary shares;
  - b. paid-in premium or surplus;
  - c. audited retained earnings (net of tax and expected or announced dividend payments, appropriations or distributions of income)
  - d. partly paid ordinary shares to the extent that the bank has received funds;
  - e. minority interests in subsidiaries which are consistent with other named capital instruments are eligible to be counted in the calculation of Tier 1 capital of the consolidated group;
  - f. other capital instruments as may be approved in writing by the Reserve Bank<sup>2</sup>.
20. With regards to servicing Tier 1 capital elements, aggregate dividend payments by a bank in any one year should not exceed the earnings of the bank during that year; as a practical matter, the relationship between dividends and earnings is lagged one year for preference shares (except in the first year of issue when dividends will be allowable notwithstanding any loss in the period preceding the issue date). The Reserve Bank is, however, prepared to modify this requirement, on a case by case basis, if it believes the proposed level of dividends can be justified by reference to other considerations, such as an assessment of the bank's capital position, including commitments to raise capital, and the bank's core profitability.

#### Tier 2 Capital

21. There are other capital elements that impart strength to a bank's position but to a varying degree fall short of the qualities of Tier 1 capital instruments. These may be included in a bank's capital base as Tier 2 capital up to an amount equal to the bank's Tier 1 capital.
22. Tier 2 capital cannot exceed Tier 1 capital. Tier 2 capital may include the following:
  - a. reserves arising from the revaluation of debt securities held in the accounts of the bank at historical cost. To be eligible for inclusion in Tier 2 capital, revaluation reserves of debt securities must satisfy the following conditions:
    - i. The debt securities must be directly held by the bank or its subsidiary;

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<sup>2</sup>A bank should obtain the written approval of the Reserve Bank prior to the issuance of any capital instrument.



- ii. The reserves (i.e. the difference between the market value and the book value) must be shown on the balance sheet or notes to the accounts without passing through the profit and loss accounts;
  - iii. The reserves must incorporate the amount of any diminution in the value of the debt securities (i.e. net of devaluations); and
  - iv. Only 45 per cent of the net revaluation surplus (net of devaluations) can be included in Tier 2 capital.
- b. general provisions for doubtful debts (net of associated tax benefits) up to 1.25 percent of total risk-weighted assets. To be eligible for inclusion in Tier 2 capital, general provisions must be created against future, presently unidentified losses and must be freely available to cover losses in any the loan portfolio. General provisions created against identified losses or an identified deterioration in the value of a particular loan, whether individual or grouped, are to be excluded;
  - c. unaudited current or prior year earnings (net of tax and expected or announced dividend payments, appropriations or distributions of income) provided any unaudited current or prior year losses are to be deducted from Tier 1 capital;
  - d. Term subordinated debt and similar limited life instruments (including redeemable preference shares) are eligible to be included in Tier 2 capital up to 50 per cent of Tier 1 capital. Term subordinated debt must be appropriately subordinated to the repayment of all other depositors and creditors of the bank and have an original maturity of at least seven years<sup>3</sup>. During the last five years to maturity the amount of such instruments eligible to be counted as Tier 2 capital will be reduced each year by 20 per cent of the original amount issued;
  - e. other capital instruments as may be approved in writing by the Reserve Bank.

#### Deductions from Capital

##### Tier 1

##### Goodwill

23. Goodwill and similar intangible assets are deducted from Tier 1 capital (and hence from a bank's capital base) in calculating capital ratios.

##### Unaudited current or prior year losses

24. Unaudited current or prior year losses are deducted from Tier 1 capital in calculating capital ratios.

##### Capital Base

##### Inter-bank holdings of capital

25. To avoid double gearing of capital, a bank's holdings of other banks' capital instruments (as shown in its books) should be deducted from the investing bank's capital base (and risk assets). This includes both equity and debt capital investments in local and overseas banks (and their subsidiaries) held by the bank and its subsidiaries.

##### Investments in non-consolidated subsidiaries

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<sup>3</sup>Banks should obtain the written approval of the Reserve Bank prior to the issuance of any term subordinated debt instruments.

26. In the normal course, the Reserve Bank supervises the capital adequacy of banks and their subsidiaries on a fully consolidated basis. Exceptions to this approach will be considered where consolidation is not judged appropriate for accounting reasons and/or where the non-consolidated subsidiary is subject to effective supervision by another authority. In these cases, there would need to be co-operation between the Reserve Bank and the other supervisor concerned so that the Reserve Bank is reasonably assured the subsidiary/associate involved would not compromise the stability of a Vanuatu bank. Life and general insurance subsidiaries would in the normal course not be consolidated for capital adequacy purposes.
27. A bank is required to deduct from its capital base (and risk assets) its equity and/or other capital investments in *non-consolidated* subsidiaries or associates which are effectively controlled by the bank.
28. Where a bank invests capital in, or provides a guarantee or similar support to, an entity which undertakes the role of manager, responsible entity, trustee or custodian in relation to funds management or the securitization of assets, then the capital or guarantee should be deducted from the bank's capital base.

#### **Assets Pledged to Secure Liabilities and Borrowings**

29. In the ordinary course of operations, a bank may be faced with the need for additional liquidity to meet demands by depositors, creditors and/or borrowers for funds or the maintenance of minimum liquidity requirements prescribed from time to time by the Reserve Bank. Where additional funds cannot be obtained from existing deposit customers, a bank may seek to raise additional funds or liquidity by "borrowing" from the Reserve Bank or through the wholesale market (that is, to attract large depositors by offering higher interest rates than those to existing customers). These borrowings may be on a secured or unsecured basis.
30. Assets pledged, hypothecated or otherwise encumbered to secure borrowings from the Reserve Bank or the wholesale market are not freely available in the event of a liquidation to repay depositors and creditors and as such will be deducted from the Capital Base for purposes of determining compliance with the Total Capital to Risk-Weighted Assets requirements outlined in this paragraph 10.

#### **Reductions in Capital**

31. Where a bank proposes any reduction in its capital it should obtain the prior written agreement of the Reserve Bank. The Reserve Bank would need to be satisfied on the basis of a capital plan (which included pro forma balance sheet and income and expense statement for at least the next three calendar years) provided by the bank that the bank's capital would remain adequate after the proposed reduction.

#### **Risk Weighted Assets**

32. There are four categories of risk weight – 0, 20, 50 and 100 per cent. Weights for particular items are given in an Attachment II.
33. Total risk weighted assets is the total of:

- a. *on-balance sheet assets as reported by a bank in the Monthly Statement of Assets and Liabilities* multiplied by a risk weight based on the nature of the counter-party as set out in Attachment II; **plus**
- b. the different types of off-balance instruments and transactions reported by a bank in the Monthly Statement of Assets and Liabilities which are:
  - i. multiplied by the corresponding credit conversion factor contained in Attachment III to bring it to a on-balance sheet credit equivalent; and
  - ii. multiplying the credit equivalent amount by the corresponding risk weighting for the counter-party to the instrument or transaction as contained in Attachment II; **plus**
- c. operational risk assets, calculated as the average annual total gross income<sup>1</sup> where positive, for each of the previous three calendar years (12 month period ending 31 December), multiplied by a factor of 1.25. See Attachment V.

### **Reporting Requirements**

34. Each bank is required to submit returns in respect of capital adequacy in the form and frequency as prescribed by the Bank Supervision Department of the Reserve Bank of Vanuatu.

## Attachment I

### Definition of Capital

#### Tier 1 (Core) Capital<sup>4</sup>

- Paid-up ordinary shares.
- No repayable share premium account.
- General reserves (but excluding general provisions for doubtful debts).
- Audited retained earnings and unaudited prior and current year losses.
- Non-cumulative irredeemable preference shares.
- Minority interests in subsidiaries consistent with the foregoing components.

#### Tier 2 (Supplementary) Capital<sup>5</sup>

- General provisions for doubtful debts.<sup>6</sup>
- Asset revaluation reserves.<sup>7</sup>
- Mandatory convertible notes and similar capital instruments.
- Perpetual subordinated debt.
- Term subordinated debt<sup>8</sup>.

#### Unaudited retained earnings

- 
- 4 Goodwill and similar intangible assets are deducted from Tier 1 capital and capital base.
- 5 The total of all Tier 2 capital components cannot exceed the total of all Tier 1 capital components.
- 6 Amount included is limited to a maximum of 1.25 per cent of total risk-weighted assets.
- 7 Assets should be valued in writing regularly, but at least at the end of each calendar quarter, and prudently.
- 8 Amount included is limited to 50 per cent of Tier 1 capital

Attachment II

Risk Weight	On-Balance Sheet Asset Category
0%	<ul style="list-style-type: none"> <li>(a) Notes and coin (including foreign cash);</li> <li>(b) Gold bullion held in the bank's own vaults or on an allocated basis to the extent backed by gold bullion liabilities;</li> <li>(c) All claims on the central Government of Vanuatu;</li> <li>(d) Balances with and claims on the Reserve Bank of Vanuatu;</li> <li>(e) All claims on central Governments and central banks of other countries, which are denominated in the national currency and funded in that currency;</li> <li>(f) Loans and other claims, or portions thereof, secured by cash on deposit with the lending bank or guarantees<sup>9</sup> or securities issued by central banks, and governments as above.</li> </ul>
20%	<ul style="list-style-type: none"> <li>(a) Claims on depository institutions (including cash items in the process of collection) in Vanuatu;</li> <li>(b) Claim on provincial and local governments;</li> <li>(c) Claims on international banking agencies and regional development banks;</li> <li>(d) Claims on depository institutions incorporated in other countries with a residual maturity of less than one year.</li> </ul>
50%	<ul style="list-style-type: none"> <li>(a) Loans to individuals fully secured by a properly registered mortgage on residential property that is occupied by the borrower, or that is rented for residential purposes but excluding any such loans where (i) the loan proceeds have been used by the individual to finance business, investment or other interests/activities, (ii) the loan is past due 90 days or more for the payment of principal or interest.</li> </ul>
100%	<ul style="list-style-type: none"> <li>(a) Premises, sites equipment and other fixed assets;</li> <li>(b) Operating leases covering plant and equipment, etc.;</li> <li>(c) Equity investments and capital instruments issued by entities other than license banks;</li> <li>(d) Loans to individuals and corporations (but excluding qualifying residential mortgage loans as above) unless such loans are past due 90 days or more for the payment of principal or interest and are not otherwise fully secured by cash on deposit with the lending bank or guarantees or securities issued by a central bank or government as above shall be risk-weighted as follows: <ul style="list-style-type: none"> <li>i. 150% risk-weight when specific provisions against such loans are less than 20% of the outstanding principal balance of the loans;</li> <li>ii. 100% risk-weight when specific provisions against such loans are 20% or more of the outstanding principal balance of the loans;</li> </ul> </li> <li>(e) All other assets and claims not included elsewhere.</li> </ul>

<sup>9</sup> Guarantee agreements must be in writing and provide for the direct, explicit, irrevocable and unequivocal repayment of all principal and interest.

### Attachment III

<b>Off-Balance Sheet Business</b>	<b>Credit Conversion Factor</b>
<b>Direct Credit Substitutes</b>	
Guarantees	100%
Standby letters of credit serving as financial guarantees.	100%
Bills endorsed under bill endorsement lines.	100%
<b>Trade and Performance Related Contingent Items</b>	
Warranties, bid bonds, indemnities, performance bonds and standby letters of credit related to particular non-monetary obligations.	50%
Documentary letters of credit secured against underlying shipment of goods.	20%
<b>Commitments</b>	
Commitments with certain drawdown.	100%
Forward asset purchases and amounts owing on partly paid shares and securities which represent commitments with certain drawdown.	100%
Other commitments (eg formal standby facilities and credit lines) with a residual maturity of:	
one year or less, or which can be unconditionally cancelled at any time without notice;	0%
over one year or otherwise non-cancellable without notice or other conditions.	50%

**Other Items**

For items not included above, credit conversion factors to be used should be discussed with the Reserve Bank.

## Attachment IV

### Foreign Exchange, Interest Rate and Other Market Related Off Balance Sheet Transactions

#### Current Exposure Method (*Mark-to-market approach*)

Credit equivalent amounts are represented by the sum of current credit exposure and potential credit exposure:

#### Current Credit Exposure

This is the mark-to-market valuation of all contracts with a *positive* replacement cost (i.e. contracts with an unrealized profit where a bank would lose the profit in the event of a default by counterparty). (Negative replacement costs are disregarded.)

#### (ii) Potential Credit Exposure

This is calculated as a percentage of the nominal principal amount of a bank's portfolio of interest rate and exchange rate related contracts split by residual maturity as follows:

<u>Remaining Term to Maturity</u>	<u>Interest Rate Contracts</u>	<u>Exchange Rate Contracts</u>
Less than one year	Nil	1.0%
One year or longer	0.5%	5.0%

#### Original Exposure Method (Rule-of-thumb approach)

Credit equivalent amounts would be calculated by applying credit conversion factors to the principal amounts of contracts according to the nature of the instrument and its original maturity.

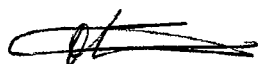
<u>Original Maturity of Contracts</u>	<u>Interest Rate Contracts</u>	<u>Exchange Rate Contracts</u>
Less than one year	0.5%	2.0%
One year and less than two years	1.0%	5.0% (e.g. 2.0% + 3.0%)
For each additional year	1.0%	3.0%

Attachment V**Basic Indicator Approach**

	<b>Financial Year Ended 01</b>	<b>Financial Year Ended 02</b>	<b>Financial Year Ended 03</b>	
	<b>Annual Gross Income (x)</b>	<b>X1</b>	<b>X2</b>	<b>X3</b>
(1)	Number of Years with positive income:		N	
(2)	Average Annual Gross Income (AAGI):		(sum of positive values of x) ÷ N	
(3)	Capital Charge for operational Risk:		15% x (2)	
(4)	Risk Weighted Assets for operational risk:		(2) x (15/12). <i>Note 15% is required capital Charge for AAGI and 12% is our minimum CAR Requirement.</i>	
(5)	Risk Weighted Assets for credit risk:		Calculate as per Capital Adequacy guideline 4 and Capital Adequacy return	
(6)	Total Risk Weighted Assets:		(4) + (5)	
(7)	Total Capital Base:		Calculate as per Capital Adequacy guideline 4 and Capital Adequacy return	
(8)	Capital Adequacy ratio (%):		[(7) ÷ (6)] x 100	

3. This notice will be effected as of the date of the gazette.

Dated at Port Vila this 1<sup>st</sup> November 2010



ODO TEVI  
**GOVERNOR OF THE RESERVE BANK**

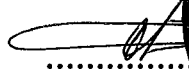


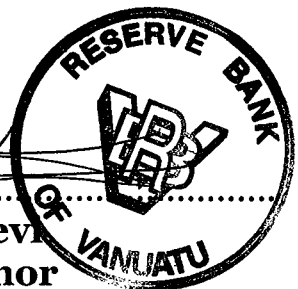
# REPUBLIC OF VANUATU

## INTERNATIONAL BANKING ACT

Take notice that the Reserve Bank, by virtue of section 11(1) (d) of the International Banking Act Cap.280 has revoked the license issued to the Financial Partners Bank, effective as of 2<sup>nd</sup> November 2010.

Dated at Port Vila this 7<sup>th</sup> day of December 2010

  
.....  
**Odo Tevaga**  
**Governor**  
**Reserve Bank of Vanuatu**

The seal of the Reserve Bank of Vanuatu is circular. It features the text "RESERVE BANK" at the top and "OF VANUATU" at the bottom. In the center, there is a stylized logo consisting of the letters "V", "B", and "S" arranged in a triangular pattern.